



IDAHO GUIDE FOR EXPORTING

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This document is intended to provide general guidance for businesses to gain a better understanding in the basic concepts of international trade. Material contained in this publication is in the public domain and may be reproduced fully. While the information compiled in this guide was gathered from sources believed to be authoritative and reliable, no responsibility is assumed or implied by the Idaho Department of Commerce or the Idaho State Department of Agriculture as to the accuracy, completeness, or factual representation contained herein. Where legal or other expert assistance is required, the services of a competent professional should be sought. The information herein is meant to be a guide and readers should be aware that all information that is contained herein is subject to change without notice.

INTRODUCTION

The Idaho Department of Commerce and the Idaho State Department of Agriculture have developed the *"Idaho's Guide to Exporting"* to:

- Help Idaho businesses navigate the process of doing international business
- Help Idaho business professionals find the appropriate resources to aid them in their export efforts as a viable extension of their domestic operations
- Help Idaho business professionals evaluate potential opportunities in the international marketplace, as viable extensions of their domestic operations; and to
- Support Idaho businesses develop a strong export program of Idaho's products and services

An increasingly global economy provides opportunities for Idaho businesses to enter international markets, adding an important dimension to achieving business objectives. Exporting can be a means of enhancing bottom-line profits for companies of all sizes, including small and medium-sized businesses.

There are several benefits in becoming an established exporter of Idaho products and services in the international marketplace.

The Idaho Departments of Commerce and Agriculture work as a team to connect Idaho companies with foreign buyers and partners through a variety of export programs and initiatives. We can help you identify customers in international markets, help shape your strategy, walk you through logistics, find financing resources that may be able to support new aspects of your business, and support your export development efforts through targeted export promotions.

The following guide outlines resources useful to Idaho companies who are looking to start or expand their export efforts.

Qualities of an Export-Ready Company

Have commitment from ownership and are prepared to fund exporting activities

Understand the added demands international business can place on key resources

Have realistic expectations regarding return on investment from international activities

Are prepared to modify products and services by market as well as provide training and after-sales service

Be willing to work with government export promotion agencies

WHY EXPORT

The truth is that exporting is good for your bottom line! It creates new opportunities, new revenue streams, potential product development, diversification and so much more. Here are some facts about why exporting can be a good choice for your company:

- Over 95% of the world's population¹ and over 70%² of the world's wealth is outside of the United States, so if an Idaho business is only selling domestically, they are reaching just a small share of potential customers
- Export sales help drive economic growth and support jobs across the state
- Middle class consumer populations are growing quickly around the globe, driving demand for U.S. products
- Exports increase sales and income with diversified sources of revenue
- Exporting enables companies to diversify market risk and to weather changes in the domestic economy
- Exporting can stabilize seasonal markets and sales fluctuations
- Exporting helps small companies grow and become more competitive in all their markets
- Exports extend product life cycles; over half the world's economies are less developed and may not need or can't afford the latest innovation
- Exports use idle capacity and can reduce unit costs
- The U.S. has Free Trade Agreements (FTA's) with [20 countries](#) providing direct exporting opportunities for U.S. businesses
- If you have web presence, you have a global marketing and international sales platform for eCommerce. During the next few years, worldwide B2C eCommerce is projected to nearly double to \$2.2 trillion with the fastest growth in the Asia-Pacific³

The Economic Impact of Exporting

- In 2019, the value of U.S. goods and services exports was an impressive \$2.5 trillion.⁴ That generated 8.5% of U.S. total economic output as measured by gross domestic product⁵
- In 2018, Idaho goods exports were \$4.0 billion, \$3.5 billion of manufactured products
- In 2016, U.S Exports created over 10.7 million jobs in America⁶. Of that, Idaho exports supported an estimated 22,000 jobs⁷
- In 2019, agricultural exports were valued at nearly \$137 billion. 31% of U.S. farm income comes directly from exports⁸
- In 2018, Idaho food and agricultural exports totaled over \$2.0 billion⁹

The Number of Small Business Exporters Is Growing

Today, millions of businesses in the U.S. export, but the truth is, not all exporters are large conglomerates.

- U.S. small and medium-sized companies — firms with fewer than 500 employees — account for 98% of the nearly 280,000 exporting businesses⁴
- A total of 1,534 companies exported from Idaho locations in 2016. Of those, 1,305 (85%) were small and medium sized enterprises with fewer than 500 employees
- Small and medium-sized firms generated 19.2% of Idaho's total exports of goods in 2016
- A study of U.S. exporters found that 60% of small companies in the survey derived 20% of annual earnings from exports, while 44% of medium-sized companies did as well. When asked whether export sales would grow at least 5% per year for the next 3 years, 77% of the small companies and 83% of the medium-sized companies said they would⁴

¹ <https://www.trade.gov/strategic-reasons-export>

² <https://howmuch.net/articles/distribution-worlds-wealth-2019>

³ <https://www.trade.gov/world-open-your-business>

⁴ <https://www.trade.gov/strategic-reasons-export>

⁵ <https://www.thebalance.com/u-s-exports-top-categories-challenges-opportunities-3306282>

⁶ <https://legacy.trade.gov/mas/ian/employment/index.asp>

⁷ <https://ustr.gov/issue-areas/economy-trade>

⁸ <https://www.fas.usda.gov/data/2019-united-states-agricultural-export-yearbook>

⁹ <https://agri.idaho.gov/main/marketing/international-marketing/export-statistics/>

Ten Keys to Export Success

When considering exporting, keep these ten important recommendations for successful exporting in mind:

- Secure commitment from top management to overcome initial difficulties and financial requirements
- Obtain qualified export counsel and develop an international marketing plan before exporting to overseas markets. The plan should clearly define objectives, goals, and be kept up to date with problems encountered
- Take sufficient time in selecting overseas distributors and partners. The complications involved in overseas communications and transportation require careful monitoring and selecting of independently acting distributors that will defend your company's interests
- Establish a basis for profitable operations and orderly growth by building relationships with government officials, organizations, and companies
- Devote continuous attention to export business even when the U.S. market booms
- Treat international distributors on an equal basis with domestic counterparts. Make the same deals and offers to the international distributors as you would domestic distributors
- Do not assume a given market technique and product will automatically work in another country. Treat each market independently to ensure maximum success
- Be willing to modify your product and/or packaging to meet regulations or cultural preferences of other countries
- Print service, sale, and warranty messages in locally understood languages
- Service the product like you would in the U.S. market. A product without the necessary service support quickly acquires a bad reputation for your company

Myths About Exporting

When considering exporting, many firms stop looking into the possibility almost before they start because of incorrect business assumptions. Listed below are some of the most common myths and the exporting realities that exist with the globalization of products and services.

COMMON MYTHS	EXPORTING REALITY
I'm too small to go "Global"	Not True! Small firms account for 97% of all exporters. ¹⁰ Even 10 years ago, nearly 42% of all U.S. exporters had fewer than 19 employees ¹¹
Exporting is too risky	Exporting to some markets, such as Canada, is no riskier than selling within the United States. Different international markets have different levels of risk. Almost any perceived risk can be identified and reduced by using the affordable export assistance that is now available
I'm afraid I won't get paid	Selling has risks anywhere, but if you do your due diligence, it can pay off big! Trade finance and global banking have evolved to the point where buying and selling things internationally is routine, safe, and efficient. Reliable payment methods are numerous and varied and should be explored with each customer
Only tangible products, not services, can be exported	Service exports are a fast-growing and profitable endeavor. In 2018, U.S. service exports reached \$828.1 billion - the highest on record ¹²
Exporting is too complicated	You do not need to be an expert about international trade to become an exporter. You can use outside experts and governmental agencies to help you through the process and paperwork. Researching markets and finding buyers can, in many instances, be done from your computer using free or low-cost information

¹⁰ <https://smallbusiness.com/selling/small-business-exporting-facts/>

¹¹ <https://grow.exim.gov/blog/seven-common-myths-about-exporting>

¹² <https://www.census.gov/foreign-trade/statistics/highlights/annual>

My domestic market is secure — I do not need to export	Few markets remain static and new markets are constantly opening to competition. Most U.S. businesses are affected by or involved in international business, whether they realize it or not. Globalization has made it easier to buy and sell goods in multiple markets and more small and medium-sized businesses need an international strategy
My product or service probably will not sell outside of the U.S.	If your product or service sells well domestically, there is a good chance an overseas market can be found. What makes your product sell in the U.S. can help it sell overseas. In some markets, you may have to do some modifications because of cultural or regulatory differences. But by learning how to sell into another market, you will become a better marketer and your company will be more successful in all markets in which it competes

ARE YOU READY TO EXPORT

Assess Your Export Readiness and Potential

Companies new to export rarely have all the knowledge and skills necessary to assure immediate success in the global marketplace. However, with reasonable effort and guidance, a company can begin to gain the necessary knowledge where exporting becomes part of the overall business plan. Don't fear the worst when considering exporting. Every experienced exporter was at one time terrified at the thought of exporting.

Take some time to do a company audit to determine if your company is ready to export or expand into new markets. If you are new to exporting take a few moments to review the following [Assessment for New Exporters](#)¹³ to see how ready you are, to enter the global Marketplace.

Have your Executive Management or Ownership answer these questions:

- Are we successful and well established enough in the local market to divert some effort to new markets?
- Do we have enough production capability to service a new market?
- What personnel and company resources will be dedicated to exporting?
- What will be the cost in time and money for each element?
- Which countries are targeted for sales development?
- How will your product's export sales price be determined?
- What will be the time frame for implementing each element of the plan?
- How will results be evaluated and used to modify the plan?

¹³ <https://www.trade.gov/exporter-assessments-0>

DEVELOP A DETAILED EXPORT PLAN

Creating an export plan is a critical step for defining your company's present status, internal goals, and commitment, but is also required if you plan to seek export financing assistance. It helps you to analyze your current situation while helping you to assemble facts, develop goals, identify constraints, and create an action plan for entering the global marketplace. It should also set forth specific objectives, an implementation timetable, and milestones to gauge success.

First, conduct an “audit” of your company to determine how exporting will impact your operations. Make sure to understand the key components of an effective, actionable export plan. Have a clear idea of the information you need to collect and where you might find that information.

Steps to Develop your Export Plan

1. Identify the product or service to be exported and check its export potential
2. Conduct market research on the countries of interest
3. Decide on a pricing strategy for the product or service
4. Define a strategy to find buyers

Tips to Develop an Export Plan

- Keep it simple. The initial planning effort itself gradually generates more information and insight. As you learn more about exporting and your company's competitive position, the export plan will become more detailed
- Make a flexible management tool, not a static document. Objectives should be compared with actual results to measure the success of different strategies. Don't hesitate to modify the plan as additional information and experience are gained
- A detailed plan is recommended for companies that intend to export directly, meaning selling to an end-user in another country. If your company chooses indirect export methods or sells via your or a third party's website, you may use much simpler plans

Elements of an Export Plan

The purposes of the export plan are (a) to assemble facts, constraints, and goals and (b) to create an action statement that takes all those elements into account. The plan includes specific objectives, sets forth time schedules for implementation, and marks milestones so that the degree of success can be measured and motivate personnel.

As you [develop an export plan](https://www.trade.gov/develop-export-plan)¹⁴, consider the following 11 elements of an export plan:

1. Which products are selected for export development, and what modifications, if any, must be made to adapt them for overseas markets? Evaluate your product/service's Export Potential.
2. Is an export license needed?
3. Which countries are targeted for sales development?
4. What are the basic customer profiles, and what marketing and distribution channels should be used to reach customers?
5. What are the special challenges (for example, competition, cultural differences, and import and export controls), and the strategy to address them?
6. How will your product's export sales price be determined?
7. What specific operational steps must be taken and when?
8. What will be the time frame for implementing each element of the plan?
9. What personnel and company resources will be dedicated to exporting?
10. What will be the cost in time and money for each element?
11. How will the results be evaluated and used to modify the plan?

¹⁴ <https://www.trade.gov/develop-export-plan>

Benefits of a Written Plan

- They are less likely to be overlooked or forgotten
- Written plans more clearly show your company strengths and weaknesses
- They assign responsibilities and timelines to keep your company on track
- They can be more easily shared with new employees as your business grows

Export Planning Resource Worksheets

- [Elevator Pitch Worksheet](#)¹⁵
- [Export Plan Questionnaire Worksheet](#)¹⁶
- [Export Readiness Assessment Worksheet](#)¹⁷

¹⁵ <http://commerce.idaho.gov/content/uploads/2021/02/ELEVATOR-PITCH-WS-1.pdf>

¹⁶ <http://commerce.idaho.gov/content/uploads/2021/02/EXPORT-PLAN-QUESTIONNAIRE-WS.pdf>

¹⁷ <http://commerce.idaho.gov/content/uploads/2021/02/EXPORT-READINESS-ASSESSMENT-WS.pdf>

MARKETING

The Product — Assess Its Export Potential

There are several ways to determine the export potential of your product or service. One of the most popular ways is to assess your product's success in the domestic market. If your product is successful in the U.S. market, it may be successful in a foreign market with characteristics similar to the domestic market as well. When assessing the potential of your product, you must consider factors such as environment, social and cultural lifestyles, local availability of raw materials or product alternatives, local wages, local purchasing power, the availability of foreign exchange, government import controls and other factors that affect the success of your product.

It is up to your company to determine the realistic potential of your product or service in the targeted market. Take sufficient time to determine if your product is a fit for the foreign market, and if necessary, modify the product to suit market preferences. This is very important. Do not expect to sell snow blowers in Africa!

If your product is successful in the United States, one strategy for evaluating export potential is to analyze why the product is successful in the domestic market and why your product has potential to be sold abroad.

For a unique product, competition may be non-existent or limited, while demand can be quite high. Identifying market characteristics may be very difficult but not impossible. Even if your product is not as successful domestically because it is losing market share to more technically advanced products, your product may still be state-of-the-art in a less developed country.

Take the time to describe your product and its function in writing. While this may seem simple, it will be helpful when you begin to explore target industries and markets. A clear description in non-technical language will make it easier for state trade offices, the U.S. Commercial Service, or the Foreign Agricultural Service (FAS) to assist you. Once you complete these steps, describe why your product is ready to be exported.

The following questions should be answered:

- What products are being selected for export development?
- What, if any, modifications must be made to adapt them for overseas markets?
- What is the product's main selling features?
- What competitive advantage does the product have over the competition?
- Is an export license needed and are there any U.S. export restrictions on my product?
- Are there any import restrictions to my target markets on my product?

Finally, provide a brief description of your industry structure. Include such information as competition, distribution channels, and demand.

The Price — Can You Sell It Profitably Globally

Establishing export retail and wholesale pricing can be a difficult and involved process. You need to determine how much product will realistically sell overseas at what price, and over what period of time. Make sure that you look at what your competitors are doing in this market and do a thorough financial analysis. Set the price too high, and you will lose the sale; set it too low, and you will lose potential profits.

Advantages to products and services that are "Made in the USA"

Innovative, cutting-edge ideas, processes, and technologies

Willing to modify products and services

High quality, durability, and safety

Positive brand awareness and values

Reputation for warranty coverage and service

Easier to contact and communicate with than some other regions

In many instances, it may be inappropriate to base your export price on domestic price plus the addition of “x-amount” in order to arrive at a competitive price for a foreign country. There are other costs of doing business when exporting to another country that need to be added such as: export documentation, domestic freight, international freight (ocean or air), shipping insurance, import tariff/duty, local taxes, importers/distributors mark-up, etc. Please refer to the section in this guide, “Develop an Export Pricing Strategy”, for more information on this subject.

The Place — Where Are You Going to Sell

Market research is the foundation of international business. It includes several areas, such as evaluating the potential of customers, industries, and foreign markets. This exercise, performed as part of an international marketing plan, will help you carefully identify and evaluate areas that hold the most promise for your company.

First, understand your customer. While this may be your first international business transaction, chances are you have developed some understanding from your domestic business. Remember the type of customer can vary based on the market and the nature of the product. As part of the international marketing plan, draw up a short customer profile which will help target your efforts in industries and countries that will be successful.

If your product has potential applications in more than one industry, then target specific industries. Make a list of industries where products may be used.

Evaluate each based-on industry growth trends, size, and demand. Focus your efforts on the top one or two industries. Once you are in the market, expand to other industries.

Based on your customer profile and target industries, look at potential foreign markets. Each country is different, with its own culture, resources, regulations, and political and economic conditions.

Factors to Consider When Choosing Target Markets:

- What is the potential market size?
- In each country, what are the basic customer profiles, and what marketing and distribution channels should be used to reach customers?
- What special challenges pertain to each market (for example, competition, cultural differences, documentation requirements, labeling requirements, and import and export controls), and what strategy will be used to address them?
- What are the selected country's characteristics such as languages, living standards, customs, climates, and culture?
- What are the country's political relations and trade agreements with the United States?
- What economic factors could influence my success?
- How do local business procedures differ from the United States?
- Is transportation to the area available and reasonably priced?
- Are there specific insurance requirements?
- Is export financing available?

The decision of which market to pursue depends on where your product can be most profitable and competitive. When your decision is complete, adapt your sales literature into the appropriate language and cultural context. If this is not economically feasible, consider a low-cost alternative of attaching a page in the appropriate language that highlights your product's main selling points.

Promotion — Identify How You Will Reach the Market

There are a number of ways to reach potential markets, but it is best to proceed slowly at first. A great way to test markets, without being exposed to too much risk, is to participate in trade opportunities offered through the Idaho Department of Commerce, the Idaho State Department of Agriculture, and federal agencies such as the [U.S. & Foreign Commercial Service](#)¹⁸, the Foreign Agricultural Service ([FAS](#)¹⁹), and the Western United States Agricultural Trade Association ([WUSATA](#)²⁰). Some of their activities include:

1. **Industry Trade Shows** – This is an ideal activity for a new-to-market company. Trade shows present a range of valuable opportunities for companies that participate, including meeting potential customers, finding new and better ways of doing business, and building a more impressive reputation within an industry. The positive impact of exhibiting at a trade show isn't confined just to the event, as a large percentage of attendees will pass along some of the information they obtained at the show to others in their organization. Additionally, you can join state and federal agencies at industry trade shows sometimes with a reduced fee or supported with grant funding.
2. **Visit your Target Market** – Idaho's overseas trade offices in SE Asia, Mexico, and China; the U.S. & Foreign Commercial Service; the Foreign Agricultural Service; and WUSATA can help you find qualified sales leads and/or in-country distribution partners through a variety of programs and services that take you to your target market for one-on-one meetings.
3. **Participate in a Trade Mission** – For companies that have already been exposed to international markets, trade missions are a great way to strengthen existing partnerships and seek new customers and markets. Trade missions include inbounds (where prospective buyers visit Idaho), outbounds (where you go with a trade group to meet with potential buyers in-country), or Governor's Trade Missions (that give you access to higher level meetings and government officials within a country).

¹⁸ <https://www.trade.gov/let-our-experts-help-0>

¹⁹ <http://www.fas.usda.gov/>

²⁰ <https://www.wusata.org/>

STEP-BY-STEP APPROACH TO MARKET RESEARCH

To successfully export your product, you should research foreign markets. Both primary and secondary research will help to determine marketing opportunities and constraints overseas, which foreign markets have the best potential for your products, as well as to identify prospective buyers and customers. Results of this research will tell you:

- The largest markets for your product and the fastest-growing markets
- Market trends and future outlook
- Market conditions and practices
- Competing companies and products

Screening Potential Markets

STEP 1: Obtain Export Statistics

Published statistics that indicate product exports to various countries provide a reliable indicator of where U.S. exports are currently being shipped. The U.S. Census Bureau and The International Trade Administration provides free resources to help you with your market research.

Market Research Resources

- U.S Census Bureau
- [Foreign Trade](#)²¹
- [USA Trade Online](#)²²
- International Trade Administration - Trade.gov – [Targeted Market Research and Tools](#)²³
- Research by Country
- Free Trade Agreements
- Industry Research
- Market Destination Videos
- Market Intelligence
- Market Diversification Tool
- Trade Stats Express
- Top Markets Reports
- Foreign Trade Remedy Actions
- Industry and Product Classification
- [Customized Market Research](#)²⁴
- [Country Commercial Guides](#)²⁵

STEP 2: Identify Potential Markets

First, you should identify 5 to 10 large and fast-growing markets for your firm's product. Look at trends over the past three to five years. Has market growth been consistent year to year? Did import growth occur even during periods of economic recession? If not, did growth resume with economic recovery?

Then, take a look at some smaller, fast-emerging markets that may provide ground floor opportunities. If the market is just beginning to open up, there may be fewer competitors than in established markets. To qualify as up-and-coming markets, these countries should have substantially higher growth rates.

Look also at groupings of countries such as those the United States has free trade agreements with, for example Canada and Mexico with the USMCA. Or look at regions within large countries such as western Canada or far eastern Russia. The U.S. Commercial Service and the Foreign Agricultural Service have regional services that will help you find buyers in multiple countries in, for example, East Asia. If you're targeting Hong Kong and China, why not stop in nearby Thailand or Singapore?

²¹ <https://www.census.gov/foreign-trade/data/index.html>

²² <https://usatrade.census.gov/>

²³ <https://www.trade.gov/international-market-research>

²⁴ <https://www.trade.gov/customized-market-research-0>

²⁵ <https://www.trade.gov/ccg-landing-page>

STEP 3: Target the Most Promising Markets

Of the markets you have identified, select three to five of the most statistically promising for further assessment. Consult with an international trade specialist with the Idaho Commerce or Idaho State Department of Agriculture, a representative at a [U.S. Commercial Service Export Assistance Center for Idaho](#)²⁶, or in-country experts with the [Foreign Agricultural Service of the USDA](#)²⁷, business associates, freight forwarders, and others to further evaluate targeted markets.

Assessing Targeted Markets

STEP 1: Examine Product Trends

Look not only at company products but also at related products that could influence demand. Calculate overall consumption of the product and the amount accounted for by imports.

The International Trade Administration provides resources for targeted market research and other tools, including country and market reports, a free trade agreement help center, industry research, market destination videos, market intelligence, market diversification tools, trade statistics, and foreign trade remedy measures by country at International Trade Administration [International Market Research](#)²⁸.

The Global Agricultural Information Network provides information affecting food, beverage, and other agricultural products at USDA United States Department of Agriculture Foreign Agricultural Service. [Global Agricultural Information Network](#)²⁹.

Demographic information (such as population and age) can be obtained from the [U.S. Census Bureau International Programs](#)³⁰ webpage and from the United Nations Statistics Division at [Statistical Databases](#)³¹ webpage.

STEP 2: Research the Competition

Sources of competition include the domestic industry in each targeted market and competitors from other foreign countries. Look at each competitor's U.S. market share as well as its share in the targeted market. U.S. Commercial Service market research reports and other competitive assessments are available at [Research Foreign Markets](#)³².

STEP 3: Analyze Marketing Factors

Analyze factors affecting the marketing and use of your product in each market, such as end-user sectors; channels of distribution; cultural idiosyncrasies (for example, does your product's name, when translated into the local language, mean something undesirable?); and business practices.

STEP 4: Identify Any Barriers

Foreign barriers for imports can be tariff or non-tariff. U.S. barriers could include export controls for commerce products or customized lab analysis/certificates for agricultural products. If you make a product that may have dual use (civilian and military), you may be required to have an export license. The U.S. Commercial Service can help you determine whether a license is necessary. Most applications are approved. Call (800) USA-TRADE (800-872-8723) for more information. Also read the section on Export Control Requirements later in this guide for a more detailed description of export licenses and their associated Export Control Classification Number (ECCN).

STEP 5: Identify Any Incentives

The U.S. or foreign government may offer incentives that promote exporting of your particular product or service.

²⁶ <https://www.trade.gov/boise-contact-us>

²⁷ <https://www.fas.usda.gov/index.php>

²⁸ <https://www.trade.gov/international-market-research>

²⁹ <https://gain.fas.usda.gov/#/>

³⁰ <https://www.census.gov/programs-surveys/international-programs.html>

³¹ <https://unstats.un.org/databases.htm>

³² <https://www.trade.gov/international-market-research>

Drawing Conclusions

After analyzing the data, your company may conclude that your marketing resources would be applied more effectively to a few select countries. In general, if your company is new to exporting, then efforts should be directed to fewer than 5 markets. Exporting to a manageable number of countries allows you to focus your resources without jeopardizing your domestic sales efforts. Your company's internal resources should determine what choices you make. The U.S. government, though, has export promotion programs that can assist you with exporting to multiple markets in the same region. The U.S. Commercial Service, for example, has regional export promotion programs in Asia, Europe, the Middle East, and the Americas in addition to country- and industry-specific resources.

DETERMINE YOUR MARKET ENTRY STRATEGY

Once you choose the top two or three markets, you must decide on a market entry strategy. Your product and the type of domestic channel will influence international distribution channels. The customary business method and established distribution channel may affect your choice of distribution system. The way you choose to export your products can have a significant effect on your export plan and specific marketing strategies. The various approaches to exporting relate to your company's level of involvement in the export process.

There are at least four approaches that may be used alone or in combination:

1. **Passively filling orders from domestic buyers, who then export the product.** These sales are indistinguishable from other domestic sales as far as the original seller is concerned. Another party has decided that the product in question meets foreign demand. That party assumes all the risks and handles all the exporting details, in some cases even without the awareness of the original seller. (Many companies take a stronger interest in exporting when they discover that their product is already being sold overseas.)
2. **Seeking out domestic buyers who represent foreign end users or customers.** Many U.S. and foreign corporations, general contractors, foreign trading companies, foreign government agencies, foreign distributors, retailers, and others in the United States purchase for export. These buyers constitute a large market for a wide variety of goods and services. In this approach, your company may know that its product is being exported, but the domestic buyer still assumes the risks and handles the details of exporting.
3. **Exporting indirectly through intermediaries.** With this approach, your company engages the services of an intermediary firm that is capable of finding foreign markets and buyers for your products. Export Management Companies (EMCs), Export Trading Companies (ETCs), international trade consultants, and other intermediaries can give you access to well-established expertise and trade contacts, but you retain considerable control over the process and can realize some of the other benefits of exporting, such as learning more about foreign competitors, new technologies, and other market opportunities. A variation on this channel is the use of e-commerce platforms. They offer to handle the logistics in return for fees. As your product sells via their e-commerce site, you get notification to restock and they send you payment.
4. **Exporting directly.** This approach is the most ambitious and challenging because your company handles every aspect of the exporting process from market research and planning to foreign distribution and payment collections. A significant commitment of management time and attention is required to achieve good results.

Exporting directly may be the best way to achieve maximum profits and long-term growth. With appropriate help and guidance from the U.S. Department of Commerce, U.S. Department of Agriculture, state trade offices, freight forwarders, shipping companies, international banks, and others, even small or medium-sized firms can export directly. The exporting process today is easier and has fewer steps than ever before. However, for those who cannot make that commitment, the services of an EMC, ETC, trade consultant, or other qualified intermediary can be of great value.

The Direct Exporting Approach

The advantages of the direct exporting approach include the convenience of dealing directly with the purchaser and the full control retained over all aspects of the transaction. This system is particularly recommended for the sale of technology or sophisticated, expensive equipment with a high degree of engineered design that has limited sales volume and requires specialized servicing.

When a company chooses to directly export it usually makes internal organizational changes to support more complex functions. Larger companies at advanced stages of exporting may choose to establish an international division and designate staff for international operations.

Direct exporting has disadvantages in the high cost of adequately servicing a distant market, and countries require representation even when the U.S. firm has a direct sales marketing plan. In all situations, choose your partner carefully and encourage his or her efforts. This can be done through frequent communication, visits and granting exclusive territories. In sum, there are advantages and disadvantages to direct exporting, whether through a distributor or direct sales.

Advantages of Direct Exporting

- Cut out the middleman so you are able to keep prices lower or keep a larger profit
- Product can be represented how you want it to be
- No one is more passionate or has a better understanding of your product than yourself

Disadvantages of Direct Exporting

- Increased risk
- Sales returns may take longer than expected
- Requires additional staff time and training

The Indirect Exporting Approach

Indirect exporting is another option. There are several types of intermediary companies that provide a range of export services. Each type of company can offer distinct advantages to your company.

Confirming Houses

Confirming houses or buying agents represent foreign companies that want to purchase your products. They seek to obtain the desired items at the lowest possible price and are paid a commission by their foreign clients.

Export Management Companies (EMCs)

Act as the exporting department for one or several producers. EMCs solicit and perform business in the name of the producers it represents or in its own name for a commission or salary.

Some EMCs provide immediate payment to the producer by arranging financing or taking title of the product or direct purchase. EMCs specialize by product group, foreign market, or both. Because of their specialization, good EMCs know the products and markets they function in and have well-established networks of foreign distributors in place.

Export Trading Companies (ETCs)

The ETCs facilitate the export of U.S. goods and services. Like an EMC, the ETC either acts as the export department for producers or takes title to the product and exports it under its own name.

Export Agents, Merchants, or Remarketers

Export agents, merchants, or remarketers purchase products directly from the manufacturer, packing and labeling the products according to their own specifications. They then sell these products overseas through their contacts in their own names and assume all risks. In these types of transactions, your company relinquishes control over the marketing and promotion of your product. Future export sales can be adversely affected if the product is priced or positioned incorrectly.

Export Consultants

Advise companies on how to enter international markets and can perform some export-related services.

Again, choose your export partner carefully. Ask prospective companies about their experience, talk to their clients, and consider their knowledge of your industry, key markets, and fees.

Advantages of Indirect Exporting

- Provides a way to penetrate a foreign market without the complexities and risks of direct
- Risk is minimal
- Middlemen handle all export operations, minimizing burden on your staff

Disadvantages of Indirect Exporting

- Middlemen handle many product lines, including yours
- Middlemen may not have extensive knowledge of your company's product
- Product servicing is often inefficient

Market Approach Resource Worksheets

- [Risk Assessment Questionnaire Worksheet](#)³³
- [Sales Channel Options Worksheets](#)³⁴
- [Target Market Selection Worksheet](#)³⁵

³³ <http://commerce.idaho.gov/content/uploads/2021/02/RISK-ASSESSMENT-QUESTIONNAIRE-WS.pdf>

³⁴ <http://commerce.idaho.gov/content/uploads/2021/02/SALES-CHANNEL-OPTIONS-WS.pdf>

³⁵ <http://commerce.idaho.gov/content/uploads/2021/02/TARGET-MARKET-SELECTION-WS.pdf>

GET THE MOST OUT OF TRADE SHOWS

Trade shows are an excellent way to introduce products to a new market and maintain a presence in an existing market but manage your costs carefully to determine your return-on-investment. Consider trade show participation as either a one-time expense to attain a specific goal or as a long-term investment to create awareness and establish brand recognition in a market.

For beginning exporters, it is often good to start by exhibiting at a domestic show with a large number of international attendees. Usually before a trade show, each attendant receives a packet of information including the names of all companies participating in the show. Research and identify potential customers, distributors and competitors before the show begins by reading the packet of information or searching through online trade show resources.

Generate as much knowledge about other participants before you attend to set goals and objectives to your advantage. When you attend the trade show, visit tables or booths of competitors, and examine other products. An introduction of yourself and your company as a competitor is not necessary and avoids negative reactions while examining their products and booth set-up.

An important factor of your trade show presentation is the use of engaging or interactive tools. An engaging tool can be anything that tests and demonstrates the functions and qualities of your product. This can be a powerful marketing presentation for your product that, if executed creatively, can attract attention to your company instead of to your competitor.

When planning your trade show schedule and strategy, take a number of factors into consideration:

- What are your objectives? Do you want to sign up a new distributor or sell directly to end-users?
- What is your engaging tool? Have you customized your product to fit tastes in the foreign market?
- What is your level of sophistication? New-to-export, new-to-market?
- or market expansion?
- What industries do you want to target?

Remember, when you return home from the trade show, the majority of the work needs to be done. After qualifying the leads, it is important to follow-up on each prospect's interest by contacting each individually, perhaps with a personalized email, letter, or brochure.

Trade show listings are available in industry journals and some additional online resources for global trade show listings by country or industry:

- U.S. Commercial Services – International Trade Administration – [Trade Events Search](#)³⁶
- USDA endorsed international or domestic trade show listings by year – [Foreign Agricultural Service Trade Shows](#)³⁷

³⁶https://www.trade.gov/trade-events-search#/search?start_date_range%5Bfrom%5D=2019-03-01&start_date_range

³⁷<https://www.fas.usda.gov/topics/trade-shows>

TAKE ADVANTAGE OF TRADE LEADS

Responding to trade leads is a vital method of finding new customers and business partners. Your recipients will likely receive responses from many similar companies. Hence, you must convince them your product(s) will best meet their needs. Your company may receive a request for information as a simple test. When your company follows-up, it indicates to the customer you are serious.

Be wary of companies that quickly offer to be your representative or distributor. They may do a fine job but evaluate their qualifications before entrusting a potentially lucrative market to their care.

Trade leads are available from various sources such as trade shows where your product is represented by the Idaho Department of Commerce or the Idaho State Department of Agriculture. You can also find trade leads through one of the Idaho International Trade Offices in Taiwan, China and Mexico.

Additionally, periodicals such as the *Journal of Commerce*, *Export Today*, *Commercial News USA*, and industry publications contain such listings and are also available on the Internet and through United States government agencies.

The U.S. Department of Commerce and the Foreign Agricultural Service can help exporters identify and qualify direct leads for potential buyers, joint ventures, etc., from private or public sources. By contacting one of these agencies, your company can receive international contact information, trade opportunity program, Gold Key Service, country, and company profiles, etc.

When contacting leads, you should:

- Respond to trade inquiries or trade leads within 48 hours
- Write a personalized sales letter or email. English is generally acceptable
- Keep your language simple and clear
- Clearly explain what you are selling
- Establish the reputation of your product and company
- Explain what you are seeking. Are you wishing to sell direct or to establish a distributor or agent
- Propose a personal meeting. International travel indicates your commitment
- Request a response or order
- List your telephone numbers, e-mail, and company website.
- Consider translating your materials into the language of your target market
- Check your brochure's message and make sure it clearly states your product information
- Send necessary material only
- Do not send a warmed-over domestic sales letter
- Sign your letters personally

PRICING YOUR PRODUCT

After completing initial market research and determining the best entry strategy, the next step is to develop an export pricing strategy. Proper pricing, complete and accurate quotations containing terms of sale and payment are critical elements in selling a product or a service internationally.

Export Pricing Strategy

Establishing an export price is a difficult and involved process. Many exporters recommend domestic marketing costs, such as sales and advertising expenses, be eliminated in determining overseas prices. The reason is to avoid calculating sales and advertising expenses two times for the same item, once for the domestic market and a second time when the good is sold or advertised in the foreign market. Eliminating cost overhead will allow you to keep your prices at reasonable levels and competitive. There are important principles that should be followed when pricing a product for export:

- Calculate your factory overhead costs proportionally over the output and determine the amount of overhead chargeable to your proposed export order
- Deduct any charges not attributable to the export operation (e.g., domestic marketing costs, domestic legal expenses). This is especially true if export sales represent only a small part of total sales
- Keep your price competitive. In calculating your export price, you will want to look at what your competitors are doing. Set the price too high, and you will lose the sale; set it too low, and you will lose potential profits

When quoting a price, make it meaningful. A price for goods quoted, "F.O.B. Rexburg, Idaho, not export packed," would be ignored by prospective buyers. Such buyers would have no way of determining inland freight costs or packaging sufficient in bringing the goods to market. International exports require the use of specific international shipping terms called INCOTERMS. [\(Review the INCOTERMS section later in this guide\)](#)

You will be asked for a more formal price quotation, called a "Pro Forma Invoice," which is a quotation in an invoice format. A foreign firm will ask for a "Pro Forma invoice" because it wants to know, in detail and writing, what the total amount for your product will be. Total cost, including packaging, U.S. domestic charges (from your factory to the port), spare parts, sometimes ocean freight and marine insurance, etc. need to be included. Contact your freight forwarder and banker to determine fees, to be included in the cost figure.

Your "Pro Forma" should be marked with a unique number for internal control and reference with an expiration date on any price quote. It should also include the terms of the sale as well, in this case, the International Commercial Terms (INCOTERMS). One such recommended term to quote is C.I.F. (cost, insurance, and freight) because this shows the foreign buyer what it costs to get your product to a port in or near a desired country. The quote should also include payment terms and routing information.

All price quotes should have an expiration date because this requires the purchaser to act within a reasonable time and protects you during price fluctuations. Some payment instruments, such as International Letters of Credit (which will be discussed later), are issued on the basis of a "Pro Forma invoice" where changes are not permitted without a fee.

Determining Tariff and Taxes in a Specific Country

A tariff, also known as a duty, is a tax levied by governments on the value of the shipment of imported products including freight and insurance. Different tariffs are applied on different products by different countries. National sales taxes and local taxes, and in some instance's customs fees, will often be charged in addition to the tariff. The tariff, along with the other assessments, is collected at the time of customs clearance in the foreign port.

Tariffs and taxes increase the cost of your product to the foreign buyer and may affect your competitiveness in the market. So knowing what the final cost to your buyer is can help you price your product for that market. In addition, your buyer may ask you to quote an estimate of these costs before making the purchase.

The first step in determining tariff and tax information is to identify the product classification number (HS Code) for your product(s). Your goods will not ship without this number on key shipping documents. To learn how to find your HS Code, please go to the section in this guide titled "The Harmonized System – HS Codes".

Once you've determined your HS Code, you will be able to find your product's applicable tariff and tax rates for a specific country. You can search the Customs Info Database for free (registration is required) at [Descartes CustomsInfo](https://www.customsinfo.com/trade-gov/)³⁸. You can also go to [Export Solutions](http://www.export.gov/logistics/eq_main_018130.asp)³⁹ for a list of several online resources, as well as in the [Idaho Exporter's Resource Guide](http://commerce.idaho.gov/content/uploads/2021/02/Idaho_Exporter_Resource_Guide_Rev-12.2020.pdf)⁴⁰.

Additionally, your shipper, broker or freight forwarder should be able to assist you with your search.

Pricing Example:

	Domestic Sale	Export Sale
Factory Price	\$7.50	\$7.50
Domestic Freight	\$0.70	\$0.70
Sub-total	\$8.20	\$8.20
Export Documentation \$.50		\$0.50
Sub-total		\$8.70
Ocean Freight and Insurance		\$1.20
Sub-total		\$9.90
Import tariff/duty 12% x price of product + all transportation fees to destination + insurance		\$1.19
Landed Cost*		\$11.09
Wholesaler markup (15 percent)	\$1.23	
Sub-Total	\$9.43	
Importer/distributor markup (22%)		\$2.44
Sub-Total		\$13.53
Retail Mark-Up (50%)	\$4.72	\$6.77
FINAL CONSUMER PRICE	\$14.15	\$20.30

* Landed cost = the original price of the product, all transportation fees (both inland and ocean), customs, duties, taxes, insurance, currency conversion, crating, handling, and payment fees.

³⁸ <https://www.customsinfo.com/trade-gov/>

³⁹ http://www.export.gov/logistics/eq_main_018130.asp

⁴⁰ http://commerce.idaho.gov/content/uploads/2021/02/Idaho_Exporter_Resource_Guide_Rev-12.2020.pdf

AN OVERVIEW OF INCOTERMS® 2020⁴¹

International Commercial Terms (INCOTERMS) are internationally recognized, standard shipping terms used frequently in international contracts in order to clearly define which party is responsible for the product at specific points during the shipping process.

The Incoterms® are a set of 11 individual rules issued by the International Chamber of Commerce (ICC) which define the responsibilities of sellers and buyers for the sale of goods in international transactions. Of primary importance is that each Incoterms rule clarifies the tasks, costs and risks to be borne by buyers and sellers in these transactions. Familiarizing yourself with Incoterms will help improve smoother transaction by clearly defining who is responsible for what and each step of the transaction.

The Incoterms® 2020 rules are updated and grouped into two categories reflecting modes of transport. Of the 11 rules, there are seven for ANY mode(s) of transport and four for SEA or LAND or INLAND WATERWAY transport.

The seven Incoterms® 2020 rules for any mode(s) of transport are:

- **EXW** - Ex Works (insert place of delivery)
- **FCA** - Free Carrier (Insert named place of delivery)
- **CPT** - Carriage Paid to (insert place of destination)
- **CIP** - Carriage and Insurance Paid To (insert place of destination)
- **DAP** - Delivered at Place (insert named place of destination)
- **DPU** - Delivered at Place Unloaded (insert of place of destination)
- **DDP** - Delivered Duty Paid (Insert place of destination)

Note: the DPU Incoterms replaces the old Delivered at Terminal (DAT), with additional requirement for the seller to unload the goods from the arriving means of transport.

MARITIME-ONLY TERMS

The four Incoterms® 2020 rules for Sea and Inland Waterway Transport are:

- **FAS** - Free Alongside Ship (insert name of port of loading)
- **FOB** - Free on Board (insert named port of loading)
- **CFR** - Cost and Freight (insert named port of destination)
- **CIF** - Cost Insurance and Freight (insert named port of destination)

Export Movement Resource Worksheets

- [2020 Incoterms Worksheet](#)⁴²
- [Freight Forwarder Assessment Worksheet](#)⁴³

⁴¹ <https://www.trade.gov/know-your-incoterms>

⁴² <http://commerce.idaho.gov/content/uploads/2021/02/2020-INCOTERMS-WS.pdf>

⁴³ <http://commerce.idaho.gov/content/uploads/2021/02/FREIGHT-FORWARDER-ASSESSMENT-WS.pdf>

CHOOSING YOUR SERVICE PROVIDERS

After choosing a market entry strategy and pricing structure, you need to address logistics: how will your products be transported and how will you be paid?

Today, the international freight forwarder, customs broker and international banker facilitate movement of goods from one nation to another. Due to each being an essential link in the export cycle, choose your partners wisely.

Freight Forwarders

For a fee, the freight forwarder can complete export paperwork, book space on a ship or airplane, arrange for cargo insurance, and give export advice regarding transportation of goods from the seller to the buyer. A freight forwarder is the “travel agent for freight.” While a larger company acts as its own freight forwarder by using internal shipping departments, smaller companies can benefit from a good freight forwarder’s contacts and experience. This could save you time and money. It is important that everything is done correctly the first time to eliminate hardships. Like airlines, however, rates can vary widely for the same service. For this reason, it is a good idea to “shop around” and obtain several quotes for the same shipment. Go to the [Idaho Exporter's Resource Guide](#)⁴⁴ for a list of local freight forwarders or shippers.

When choosing a freight forwarder, does the freight forwarder:

- Have an office near your shipping port?
- Have experience handling your type of product?
- Have experience with the type of carriers you require?
- Have a good credit rating?
- Have favorable shipping rates and delivery schedules?
- Receive good recommendations from carriers?
- Belong to a professional association or organization?
- Have expertise shipping to your buyer's country?
- Have a reputation for friendliness, competence, efficiency, reliability, cost effectiveness, trustworthiness and using fair business practices?
- Is the forwarder bonded and licensed by the Federal Maritime Commission or Cargo Network Services?

Customs Brokers

Companies that export goods may require the services of a customs broker. Customs brokers are professionals licensed by the U.S. Treasury Department and have all the regulations concerning exportation of goods at their fingertips. They are excellent sources of technical information, domestically and abroad, concerning transportation, documentation, and customs regulations.

Whether you use a customs broker or not, it is always a good idea to contact a specialist of the U.S. Customs Service at your port of entry to avoid any possible conflict with regulations before the goods are shipped.

The website for the U.S. Customs and Border Protection agency is <http://www.cbp.gov/> The U.S. Customs and Boarder Protection in Boise can be contacted directly at:

U.S. Customs Service—Idaho | 4655 S Enterprise Street Boise, ID 83705 | Tel: (208) 334-9062

For a list of Idaho's local service providers, please review the [Idaho Exporter's Resource Guide](#)⁴⁵

Freight Forwarder Resource Worksheets

- [Freight Forwarder Assessment Worksheet](#)⁴⁶

⁴⁴ http://commerce.idaho.gov/content/uploads/2021/02/Idaho_Exporter_Resource_Guide_Rev-12.2020.pdf

⁴⁵ http://commerce.idaho.gov/content/uploads/2021/02/Idaho_Exporter_Resource_Guide_Rev-12.2020.pdf

⁴⁶ <http://commerce.idaho.gov/content/uploads/2021/02/FREIGHT-FORWARDER-ASSESSMENT-WS.pdf>

GETTING PAID

As in the domestic market, there are risks to doing business internationally. The usual risks are compounded in the international market by a number of factors, including currency exchange rates and differing cultural, economic, and legal systems.

It is important that you carefully choose an international banker. They are your means of getting paid, so be sure to develop a good relationship! The banker can advise you on the forms of payment that could be best for your company as well as any finance options. When choosing an international banker, consider the following questions:

- Does the banker have experience in all types of international payments from cash in advance to International Letters of Credit?
- Can the banker advise you on export finance options?
- Does the banker have favorable references from other customers?
- Is the banker familiar with the business practices of the country to which you are selling?
- Is the banker willing to explain how the international payment process works and answer your questions?

Payment terms for export sales are generally longer than domestic terms. This means your cash flow may be temporarily interrupted while you wait for your payment to be processed. There are ways exporters counter the risk of doing business internationally:

1. **Consult your banker** to determine the best payment method. Be aware of country risk factors that impede payment. These include political instability, distance, cultural and legal differences, and the relationship of the importing country to the United States
2. **Evaluate your company's currency risk.** It is usually easier to quote first in U.S. dollars. If the importing country's currency is unstable or foreign exchange is difficult to obtain, it will be more difficult for you to do business in that country. If your products are priced in U.S. dollars, you will be protected against currency exchange rate fluctuations, but your customers will not. On the other hand, if you price your products in the local currency, you will be subject to significant risk, but these can be mitigated with forward and option contracts. Make sure to discuss payment options with your international banker to see what's best for your company
3. **Research the importing company's credit rating, past payment history and reputation with other sellers.** Ask for bank and trade references and be sure to check them. This is a normal business practice worldwide and will not be offensive to a potential buyer

Some banks in Idaho have established international banking departments staffed by experienced personnel. For a listing of contacts, visit the [Idaho Exporter's Resource Guide](#)⁴⁷

Export services available from these departments typically include:

- Consulting services
- International payment options
- International collections
- Foreign exchange
- Export financing
- Referrals/information

International Methods of Payment

Methods of payment used in international transactions vary somewhat from what is used in the domestic market. Here are some of the most common methods of payment:

Cash in Advance

This is the least risky option for the exporter, but be very wary of accepting checks, even from neighboring countries. Many buyers will be hesitant to accept these terms since it gives them little recourse against substandard goods.

⁴⁷ http://commerce.idaho.gov/content/uploads/2021/02/Idaho_Exporter_Resource_Guide_Rev-12.2020.pdf

International Letters of Credit

Letters of Credit are one of the most versatile and secure instruments available to international traders. This payment instrument is a commitment by a bank on behalf of the importer (foreign buyer) that payment will be made to the exporter provided that the terms and conditions stated in the Letter of Credit have been met, as evidenced by the presentation of specified documents. A Letter of Credit is useful when reliable credit information about a foreign buyer is difficult to obtain or if the foreign buyer's credit is unacceptable, but the exporter is satisfied with the creditworthiness of the importer's bank.

Documentary Collections (D/Cs)

Usually less expensive than a Letter of Credit, a documentary collection is a transaction whereby the exporter entrusts the collection of payment to the exporter's bank (remitting bank), which sends documents to the importer's bank (collecting bank), along with instructions for payment. Funds are received from the importer and remitted to the exporter through the banks in exchange for those documents. Although banks do act as facilitators (agents) for their clients under collections, D/Cs offer no verification process and limited recourse in the event of non-payment.

Open Account Terms

An open account transaction in international trade is a sale where the goods are shipped and delivered before payment is due, which is typically in 30, 60 or 90 days. Obviously, this option is advantageous to the importer in terms of cash flow and cost, but it is consequently a risky option for an exporter. To offset this risk, several companies settle open account terms with foreign receivable insurance in place.

Export Finance

Export finance falls into two categories: pre-export, from production to shipping, and post-export, from shipment to receipt of payment. Exporters should be aware of the many financing options open to them so that they choose the most acceptable one to both the buyer and the seller.

In seeking export financing, it is recommended you contact your local banking institution or an experienced finance company with international expertise to determine what options would be available for structuring any export financing you may need. Finance options may be structured entirely within the bank or finance company, or in cooperation with additional sources such as private insurers, the Small Business Administration, or the EXIM Bank.

Small Business Administration

Since its founding in 1953, the U.S. Small Business Administration (SBA) has delivered millions of loans, loan guarantees, contracts, counseling sessions and other forms of assistance to small businesses. For exporters, the SBA provides a number of loan programs specifically designed to help develop or expand international trade. For more information on counseling, loan programs and other assistance the SBA has to offer, contact the Boise District Office or visit www.sba.gov.

EXIM Bank

The Export-Import Bank of the United States (EXIM Bank) is the official export credit agency of the federal government that has the authority to finance and ensure foreign purchasers of U.S. goods facilitating the export of U.S. goods and services. When private sector lenders are unable or unwilling to provide financing, EXIM fills in the gap by equipping American businesses with the financing tools necessary to compete for global sales. For more information on available services and to determine eligibility, please visit www.exim.gov.

Re-Export Financing

Pre-export financing provides the exporter with enough liquidity to buy, prepare and/or produce the goods to be exported. Funds are commonly used to finance three different areas:

- a) materials
- b) labor
- c) inventory

An unexpected large export order or many incremental export orders can place challenging demands on working capital. Pre-export financing helps to ease and stabilize the cash flow problems of exporters while they fulfill export sales and grow competitively in the global market.

Post-Export Financing

Post-export financing allows the exporter to give better financing terms to its buyers. Exporters naturally want to get paid as quickly as possible, while importers usually prefer to delay payment until they have received or resold the goods. Because of the intense competition for export markets, being able to offer attractive payment terms customary in the trade is often necessary to make a sale. Post-export financing options include receivables insurance, [SBA USEACs](#) and [EXIM Bank](#) programs (including insurance) or other structured programs offered by experienced banks or finance companies.

Payment Method Worksheets

- [Payment Methods Worksheet](#)⁴⁸

⁴⁸ <http://commerce.idaho.gov/content/uploads/2021/02/PAYMENT-METHODS-WS-002.pdf>

INTERNATIONAL BUYERS

What you Want from an International Buyer/Representative

This checklist is more suggestive than complete. Different products require different questions, especially with regard to technical know-how. And perhaps the candidate's ability, willingness, and desire to make success of a new product outweigh all other criteria.

1. Reputation with suppliers, banks, and customers
2. Overall experience
3. Experience with single manufacturer
4. Experience with product line similar to evaluator's
5. Product lines handled at present and in the past
6. Sales organization and quality of sales force
7. Sales volume and growth record
8. Understanding of the market it represents
9. Share of market
10. Geographical areas covered, past and present
11. Financial strength: D & B type reports, Bank references
12. Analysis of his or her costs
13. Physical facilities (size, location, warehouses, etc.)
14. After-sales servicing facilities
15. Knowledge of U.S. business methods, accounting, and measurement standards
16. Knowledge of efficient promotion techniques (advertising, packaging, point of sales)
17. Knowledge of English and other languages
18. Number and type of outlets
19. Stocking or purchasing minimum acceptable to distributors
20. Reputation among marketing and credit staff of other U.S. principals represented

Distributors and Distribution Contracts

If a distributor is the best option for your company, the next step is to locate the right distributor. The following steps will provide some guidance for this crucial decision:

- Find out about the local laws that apply to the kind of agreement you seek
- Ask about the firm's experience in handling product lines similar to your own
- Check with the U.S. and Foreign Commercial Service or the Foreign Agricultural Service regarding unique requirements for the country or countries in question
- Identify and qualify potential agents or distributors through the commercial or agricultural officers at the U.S. Embassies or Consulates in the importing countries or through Idaho's International Trade Office locations
- Meet your distributor in person during an overseas business trip

Once you select a distributor, it is critical to put the relationship in writing; this protects both of you should disagreements arise. International distribution agreements should be in writing and available in the distributor's language.

Also, all contract terms should be clearly defined to guard against misinterpretation of words between two languages due to differences in spelling or meaning. When negotiating an international distribution contract, the following basic elements are normally included:

- Names and addresses of both parties
- Date the agreement goes into effect
- Duration of the agreement – typically one year based on sales goals, although parties can arrange for automatic annual renewal unless either gives notice in writing of intent not to renew
- Provisions for extending or terminating the agreement
- Descriptions of product lines included
- Definition of sales territory

- Establishment of discounts and/or commission schedules and determination of when and how the representative will be paid
- What law applies to the agreement (e.g. U.S. Law; or the United Nations Convention on Contracts for the International Sale of Goods (CISG, or the Vienna Convention)

Depending on your particular situation, your legal counsel may also recommend the following clauses be included in your distribution contract. Countries differ on what is legally binding and appropriate, consult with an attorney experienced in international trade.

Exclusivity

Returns & Warranties

Service, Training & Inventory

Patents, Trademarks & Copyrights

Termination

Jurisdictional Clause

Non-Competition Clause

Agreement Clause

Pricing

Advertising & Promotion

Foreign Law Compliance

Performance Evaluation

Force Majeure Clause

Arbitration Clause

Confidentiality Clause

Inquiry-Territory Clause

Other Issues to Consider

It is important to note that when negotiating international distribution agreements, it is advisable for exporters to consult legal counsel experienced in international business transactions. Such counsel can notify companies of new developments in international law and can help guard against potential problem areas. Another option to consider is to retain legal counsel within the foreign country in which the business is being conducted. At times, local law exists which the American company must be aware of prior to entering into any agreements in order to shield the company from potential liabilities. For a listing of Idaho attorneys specializing in international law, please review the [Idaho Exporter's Resource Guide](#)⁴⁹

⁴⁹ http://commerce.idaho.gov/content/uploads/2021/02/Idaho_Exporter_Resource_Guide_Rev-12.2020.pdf

UNDERSTAND CULTURAL DIFFERENCES

At some point during your market research or business negotiations, you will likely visit your target markets or interact by telephone, or e-mail with potential foreign partners. While this section does not require any action in your marketing plan, it does present the concepts essential for international success.

Familiarity with some of the basic social customs, business practices, and etiquette of the country in which you do business is absolutely essential. A disregard for local cultural norms may cause embarrassment or misunderstanding; it may even break a deal.

While countries of the same world region – such as Asia, Latin America or Europe – may share similar cultural practices, they often differ. For this reason, it is important for you to do research on each country you visit or do business with, including business and cultural practices.

A good resource is the “Business Travel” section within the [Country Commercial Guides](#)⁵⁰ on Trade.gov.

⁵⁰ <https://www.trade.gov/ccg-landing-page>

EXPORT CONTROL REQUIREMENTS

Every international shipment must identify its product(s) by HS Code, and for some products, they also need an Export Control Classification Number (ECCN).

The Harmonized System – HS Codes

The international Harmonized Commodity Description and Coding System, known as the [Harmonized System \(HS\)](#)⁵¹, is an internationally standardized system of names and numbers to classify traded products. The HS System, which is updated approximately every five years, is maintained by the World Customs Organization. Revisions are done periodically so make sure your codes are current and up to date. The most current Revision was dated 2020 HTSA Revision 28 (effective 2020-11-23).⁵²

Both the U.S. import and U.S. export classification systems rely on the international HS codes for their 4- and 6-digit headings and subheadings.

The U.S. import classification system, known as the [Harmonized Tariff Schedule](#)⁵³ (HTS), is administered by the U.S. International Trade Administration Commission (USITC). To find a product's HS code through the Harmonized Tariff Schedule search engine, visit <https://hts.usitc.gov/>⁵⁴.

Schedule B numbers

The U.S. export classification system, titled Schedule B, is administered by the U.S. Census Bureau, Foreign Trade Division, to classify physical goods for export to another country. Since greater commodity details are needed beyond the 4- and 6-digit HS codes found under the Harmonized Tariff Schedule (HTS), Schedule B classifications expand their scope to a 10-digit Schedule B number.

You can find your Schedule B number using the free online Schedule B Search tool accessible through the U.S. Census Bureau [Schedule B Search Engine](#)⁵⁵. If you need export classification assistance, email eid.scheduleb@census.gov or call Toll-Free (800) 549-0595, Menu Option #2.

Schedule B is revised once annually with new codes usually effective January 1st. Schedule B numbers are used to collect and publish U.S. export statistics and are required to be reported in the Automated Export System (AES) when shipments are valued over \$2,500 or the item requires a license.

To get a duty rate for importing products into a foreign country, one needs to have the complete classification number used by the importing country. Since this is sometimes difficult, companies can use the Schedule B number to approximate.

HS numbers and Schedule B numbers will be the same up to the first 6 digits as the importing country's classification code.

The Export Control Classification Number (ECCN)

For non-agricultural products, the Department of Commerce's Bureau of Industry and Security (BIS) is responsible for implementing and enforcing the Export Administrative Regulations (EAR), which regulate the export and re-export of most commercial items. If your item is subject to the jurisdiction of the Department of Commerce, you must then determine if your item has a specific Export Control Classification Number (ECCN) found on the Commerce Control List (CCL). Keep in mind that items subject to the Export Administration Regulations (EAR) that are not listed on the CCL are designated EAR99.

⁵¹ <https://www.trade.gov/harmonized-system-hs-codes>

⁵² <https://hts.usitc.gov/current>

⁵³ <https://www.usitc.gov/elearning/hts/menu/>

⁵⁴ <https://hts.usitc.gov/>

⁵⁵ <https://uscensus.prod.3ceonline.com/>

There are five ways to determine the Export Control Classification Number (ECCN) for your product:

1. Go to the Source—If you're exporting an item that's manufactured, produced, or developed by another company, contact them directly to see if they can provide you with the ECCN
2. Self-Classify—You need to have a technical understanding of your product and also need to be familiar with the structure and format of the Commerce Control List (CCL)
3. Request an Official Classification from BIS
4. What is the end-use⁵⁶
5. Visit the Bureau of Industry and Security [Control List Classification](#)⁵⁷ webpage for details on the process.

What if my product is not listed?

After careful review of your item against the CCL, if you are convinced your item does not fit into the parameters of any ECCN, your item may be designated as EAR99, and keeping in mind it is not controlled by another agency. If this is the case, your item may be exported using the license exception NLR—which means “No License Required”, as long as all of the following criteria are met:

- The item is not being shipped to a [Sanctioned Destination](#)⁵⁸
- The item is not being shipped to a [Denied Persons List](#)⁵⁹, sanctioned entity, or prohibited end-user
- The item will not be used for a specific end-use, subject to higher controls

For further details on these and other export restrictions, read Parts [736](#), [742](#), [744](#), and [746](#) of the EAR. Downloadable files can be found on the Bureau of Industry and Security webpage [Export Administration Regulations \(EAR\)](#)⁶⁰

If you still need guidance, you may contact the Bureau of Industry and Security (BIS) within the U.S. Department of Commerce, Outreach and Educational Services Division at (202) 482-4811 or the Western Regional Office at (949) 660-0144 (located in Irvine, CA – open Monday-Friday, 8:00am-5:00pm PT).

Export Licenses

About five percent of total U.S. exports and re-exports require an export license from the BIS. License requirements are dependent upon an item's technical characteristics, the destination, the end-user, and the end-use. You, as the exporter, are responsible to determine whether your exports require a license. If you ship an item without the required license, there are severe consequences for non-compliance.

An export license is a government document that authorizes the export of specific goods in specific quantities to a particular destination. This document may be required for most or all exports to some countries or for other countries only under special circumstances. Please read about potential product licensing below for additional assistance to determine if these apply to your product. You can also review several online seminars regarding these subjects. For a Resource List of Seminars, visit the BIS webpage [Current Seminar Schedule](#)⁶¹

Export Control Resources

Please read the [Introduction to Commerce Department Export Controls](#) developed by the U.S. Department of Commerce for more details on these export controls as well as where to get assistance.

How to Find Export Regulations & Export Restrictions

There are several regulations you may need to be familiar with before exporting your product or service.

Click [HERE](#) to review detailed regulations governing your item on the BIS website.

Take a look at the ["Export controls: A Quick Start Guide"](#)

Along with their Online Training Room, Export Control Basics, or contact a BIS counselor for direct assistance.

⁵⁶ <https://www.bis.doc.gov/index.php/licensing/commerce-control-list-classification>

⁵⁷ <http://www.bis.doc.gov/index.php/licensing/commerce-control-list-classification>

⁵⁸ <https://www.bis.doc.gov/index.php/policy-guidance/country-guidance/sanctioned-destinations>

⁵⁹ <https://www.bis.doc.gov/index.php/policy-guidance/lists-of-parties-of-concern/denied-persons-list>

⁶⁰ <https://www.bis.doc.gov/index.php/regulations/export-administration-regulations-ear>

⁶¹ <https://www.bis.doc.gov/index.php/compliance-a-training/current-seminar-schedule>

Potential Product Licensing

STEP 1: Determine which agency has jurisdiction over your product, technical data, or service

EAR (U.S. Department of Commerce) Export Administrative Regulations (EAR) regulates the export and re-export of most commercial items. A key in determining whether an export license is needed from the Department of Commerce is finding out if the item you intend to export has a specific [Export Control Classification Number \(ECCN\)](#)⁶². ECCNs are five-character alpha-numeric designations used on the Commerce Control List (CCL) to identify dual-use items, which are those having both commercial and military proliferation applications, for export control purposes. An ECCN categorizes items based on the nature of the product, i.e. type of commodity, software, or technology and its respective technical parameters.

EAR99 (U.S. Department of Commerce) if your item falls under the jurisdiction of the U.S. Department of Commerce and is not listed on the CCL, it is designated as EAR99. The majority of commercial products are designated EAR99 and generally will not require a license to be exported or re-exported. However, if you plan to export an EAR99 item to an [embargoed or sanctioned country](#)⁶³, to a [party of concern](#)⁶⁴, or in support of a prohibited end-user, you may be required to obtain a license.

ITAR (U.S. Department of State) The Department of State is responsible for the export and temporary import of [defense articles and services](#) via the International Traffic in Arms Regulations (ITAR). Find out if what you want to export (hardware, technical data, and/or defense services) is covered in the U.S Munitions List (USML), found in [Part 121 of the ITAR](#)⁶⁵ For defense exports, an exhaustive search should be performed in determining agency jurisdiction as improper classification could result in steep penalties.

All manufacturers, exporters, and brokers of defense articles, related to technical data and defense services as defined on the [United States Munitions List \(Part 121 of the ITAR\)](#)⁶⁶ are required to register with the Directorate of Defense Trade Controls (DDTC). For details on the registration process, go to the [U.S. Department of State, Directorate Defense Trade Controls website](#)⁶⁷. Registration does not confer any export rights or privileges but is a precondition for the issuance of any license or other approval for export.

STEP 2: Check Denied Person/Parties lists

Certain individuals and organizations are prohibited from receiving U.S. exports and others may only receive goods if they have been licensed, even items that do not normally require a license based on the ECCN and Commerce Country Chart or based on an EAR99 designation: [Lists of Parties of Concern](#)⁶⁸

STEP 3: Check the Commerce Export Control Country Chart

The Bureau of Industry and Security (BIS) maintains the Commerce Control List (CCL) within the Export Administration Regulations (EAR), which includes items (i.e., commodities, software, and technology) subject to the export licensing authority of BIS. The CCL does not include those items exclusively controlled for export or reexport by another department or agency of the U.S. Government. In instances where agencies other than the Department of Commerce administer controls over related items, entries in the CCL contain a reference to these controls.⁶⁹

Visit the BIS.doc.gov site to download a PDF file titled [Commerce Country Chart](#)⁷⁰ to review an alphabetical list of countries and reason for export control.

STEP 4: Obtain a license through SNAP-R or receive an EAR99 notification confirming the product does not require a license

To obtain a license go to [Simplified Network Application Process – Redesign\(SNAP-R\)](#). For ITAR items, refer to registration and licensing links in STEP 1 under ITAR.

⁶² <http://www.bis.doc.gov/index.php/licensing/commerce-control-list-classification/export-control-%20classification-number-eccn>

⁶³ <https://www.bis.doc.gov/index.php/policy-guidance/country-guidance>

⁶⁴ <https://www.bis.doc.gov/index.php/policy-guidance/lists-of-parties-of-concern>

⁶⁵ https://www.pmdtc.state.gov/registration/deccs?id=ddtc_kb_article_page&sys_id=24d528fddbf930044f9ff621f961987

⁶⁶ https://www.ecfr.gov/cgi-bin/retrieveECFR?gp=&SID=70e390c181ea17f847fa696c47e3140a&mc=true&r=PART&n=pt22.1.121#se22.1.121_11

⁶⁷ <https://deccs.pmdtc.state.gov/deccs>

⁶⁸ [bis.doc.gov/index.php/policy-guidance/lists-of-parties-of-concern](https://www.bis.doc.gov/index.php/policy-guidance/lists-of-parties-of-concern)

⁶⁹ <https://www.govinfo.gov/content/pkg/>

⁷⁰ <https://www.bis.doc.gov/index.php/documents/regulations-docs/federal-register-notices/federal-register-2014/>

Examples of export license certificates include those issued by:

- Department of Commerce's Bureau of Industry and Security [Licensing](#)⁷¹ (dual use articles)
- Simplified Network Application Process – [Redesign](#)⁷² (SNAP-R)
- [State Department's Directorate of Defense Trade Controls](#)⁷³ (defense articles)
 - For more information on the sale, export, and re-transfer of defense-related articles and services, create an account and login to the [DECCS Industry Service Portal](#)⁷⁴
- [Nuclear Regulatory Commission](#)⁷⁵ (nuclear materials)
- [U.S. Drug Enforcement Administration](#)⁷⁶ (controlled substances and precursor chemicals)

Several videos are available on export licenses that can be found at Census.gov [Import and Export Training Videos](#)⁷⁷ including:

- [Export Compliance and Regulations](#)⁷⁸
- [The Commerce Control List and Self-Classification](#)⁷⁹
- [Exporting EAR99 Items: Screening Your Transaction, Lists to Check and Red Flags](#)⁸⁰
- And many others

Destination Control Statement

A Destination Control Statement (DCS) is required for exports from the United States for items on the Commerce Control List that are outside of EAR99 (products for which no license is required) or controlled under the International Traffic in Arms Regulations (ITAR). A DCS appears on the commercial invoice, ocean bill of lading, or air waybill to notify the carrier and all foreign parties that the item can be exported only to certain destinations. For more information, watch the following relevant videos:

- [Export Compliance Introduction](#)
- [Exporting Commercial Items: ECCNs and EAR99](#)

Determine if You Need an Export License?

[Decision Tree Tools](#)⁸¹ to help you identify export controls and classifications can be found on the Bureau of Industry and Security website.

- [CCL Order of Review](#)⁸²
- [Specially Designed](#)⁸³
- [STA](#)⁸⁴
- [De minimis & Direct Product Rules](#)⁸⁵

⁷¹ <https://www.bis.doc.gov/index.php/licensing/>

⁷² <https://www.bis.doc.gov/index.php/licensing/simplified-network-application-process-redesign-snap-r>

⁷³ https://www.pmdtcc.state.gov/ddtc_public

⁷⁴ <https://deccs.pmdtcc.state.gov/deccs>

⁷⁵ <https://www.nrc.gov/reactors/operating/licensing/renewal.html>

⁷⁶ http://www.deadiversion.usdoj.gov/imp_exp/index.html

⁷⁷ <https://www.census.gov/foreign-trade/aes/exporttraining/videos/index.html#exportcompliance>

⁷⁸ <https://www.census.gov/foreign-trade/aes/exporttraining/videos/index.html#exportcompliance>

⁷⁹ <https://www.census.gov/foreign-trade/data/video006.html>

⁸⁰ <https://www.census.gov/foreign-trade/data/video007.html>

⁸¹ <https://www.bis.doc.gov/index.php/decision-tree-tools>

⁸² <https://www.bis.doc.gov/index.php/export-control-classification-interactive-tool>

⁸³ <https://www.bis.doc.gov/index.php/specially-designed-tool>

⁸⁴ <https://www.bis.doc.gov/index.php/statool>

⁸⁵ <https://www.bis.doc.gov/index.php/de-minimis-direct-product-rules-decision-tool>



For a Quick Reference Flip Chart visit [Export Compliance Training Institute](https://info.learnexportcompliance.com/thank-you-for-requesting-ectis-quick-reference-flip-chart?submissionGuid=d8ad0c43-ef6a-4e76-8b31-ee33de636214)⁸⁶

⁸⁶<https://info.learnexportcompliance.com/thank-you-for-requesting-ectis-quick-reference-flip-chart?submissionGuid=d8ad0c43-ef6a-4e76-8b31-ee33de636214>

EXPORT DOCUMENTATION AND COMPLIANCE

Export documentation is required for all international shipments. The types of documentation required will depend on your product and destination country.

The following documents are those that are most common in international shipments. Keep in mind that documentation requirements vary depending on the product as well as the importing country. The documents are divided into the following subsections: common export documents, transportation documents, export licensing documents, certificates of origin, certificates of free sale, and Certificates for Shipments of Specific Goods, other export-related documents, and temporary shipment documents. ***The importer will often be able to assist with the requirements specific to the product that they are purchasing.***

Common Export Documents

Commercial Invoice

A commercial invoice is a bill for the goods from the seller to the buyer. These invoices are often used by governments to determine the true value of goods when assessing customs duties. Governments that use the commercial invoice to control imports will often specify its form, content, number of copies to include with the shipment, language to be used, and other characteristics. Generally, the document should clearly identify the buyer and seller, the terms of sale (INCOTERMS – [see the “An Overview of INCOTERMS 2020” section](#)), the quantity and weight of the goods, the type of packaging and complete description of the goods, the unit value and the total value of the goods, and any insurance, shipping, or other charges. A certification and signature should also be included.

Document Sample: [Commercial Invoice](#)⁸⁷

Pro Forma Invoice

A pro forma invoice is a document that details all information that would be included on a commercial invoice. It is a quotation in the form of an invoice that can easily be converted to a commercial invoice if an order result. The document includes all basic items of a commercial invoice including terms of sale, INCOTERMS, and terms of payment. The preparer should take care to clearly note all included and excluded charges as well as an expiration date for the quote.

Document Explanation: [Pro Forma Invoice](#)⁸⁸

Export Packing List

Considerably more detailed and informative than a standard domestic packing list, an export packing list lists the seller, buyer, shipper, invoice number, date of shipment, mode of transport, carrier, and itemizes quantity, description, the type of package (such as a box, crate, drum, or carton), the quantity of packages, total net and gross weight (in kilograms), package marks, and dimensions, if appropriate. Both commercial stationers and freight forwarders carry packing list forms. A packing list may serve as a conforming document. It is not a substitute for a commercial invoice. In addition, U.S. and foreign customs officials may use the export packing list to check the cargo.

Assistance for Commerce Products & Services

For additional assistance with country-specific documentation requirements, please email the Trade Information Center at tic@trade.gov

Assistance for Food and Agriculture Companies

For additional assistance with country-specific documentation requirements, please visit the Foreign Agricultural Service of the USDA website at www.fas.usda.gov/

Need Help?

Additional questions should be directed to the Western Regional Office of BIS located in Newport Beach, California. Ask to speak with an Export Compliance Counselor at: (949) 660-0144

⁸⁷ <https://legacy.export.gov/article?id=Commercial-Invoice>

⁸⁸ <https://www.trade.gov/pro-forma-invoice>

Transportation Documents

Air Waybill

Air freight shipments require Air Waybills which are shipper-specific (i.e., USPS, Fed-Ex, UPS, DHL, etc.) and are a non-negotiable instrument that serves as a receipt for the shipper, confirming that the airline has received the goods. It also acts as a contract of carriage between the shipper and the carrier, specifying the conditions of carriage, the carrier's limits of liability, a description of goods, and applicable charges. An air waybill differs from a bill of lading in that it does not serve as a document of title for the goods and the original documents are not required to be presented in order to release the goods.

Document Sample: [Airwaybill](#)⁸⁹

Bill of Lading

A bill of lading serves as a contract of carriage, proof of title, and acknowledgement of receipt of goods between the owner of the goods and the carrier (as with domestic shipments). The bill of lading indicates the parties involved in the transaction, the vessel on which the goods will be shipped, ports of departure and destination, an itemized list of goods being shipped, and other instructions and information particular to the shipment. For vessels, there are two types: a straight bill of lading, which is non-negotiable, and a negotiable or shipper's order bill of lading. The latter can be bought, sold, or traded while the goods are in transit. The customer usually needs an original as proof of ownership to take possession of the goods.

Document Sample: [Bill of Lading](#)⁹⁰

Electronic Export Information (EEI) Form (formerly known as the Shipper's Export Declaration)

The EEI is the most common of all export control documents. It is required for shipments above \$2,500* and for shipments of any value requiring an export license. It has to be electronically filed via the AES Direct online system, which is a free service from Census and Customs: <http://aesdirect.census.gov/>. Shipping companies (i.e., USPS, Fed-Ex, UPS, DHL, etc.) also offer companies the optional service which provides exporters with a streamlined EEI filing and shipping label preparation process for regulatory compliance for their shipments.

*Notes:

- The EEI is required for shipments to Puerto Rico, the U.S. Virgin Islands and the former Pacific Trust Territories even though they are not considered exports (unless each "Schedule B" item in the shipment is under \$2,500)
- Shipments to Canada do not require an EEI except in cases where an export license is required. (Shipments to third countries passing through Canada do need an EEI)
- Export Licensing Documents

Export Licenses

An export license is a government document that authorizes the export of specific goods in specific quantities to a particular destination. For most or all exports to some countries, this document may be required. For other countries, it is only required under special circumstances. Make sure to check what is required by the country to which you are exporting.

Destination Control Statement

A Destination Control Statement (DCS) is required for exports from the United States for items on the Commerce Control List that are outside of EAR99 (products for which no license is required) or controlled under the International Traffic in Arms Regulations (ITAR). A DCS appears on the commercial invoice, ocean bill of lading, or airway bill to notify the carrier and all foreign parties that the item can be exported only to certain destinations. For more information, watch the following relevant videos:

- [Export Compliance Introduction](#)⁹¹
- [Exporting Commercial Items: ECCNs and EAR99](#)⁹²

⁸⁹ <https://www.export.gov/article2?id=Air-Waybill>

⁹⁰ <https://www.export.gov/article2?id=Bill-of-Lading-Export-Guide>

⁹¹ https://www.census.gov/foreign-trade/aes/exporttraining/videos/uscs_videos/Export_compliance_an_introduction/index.html

⁹² <https://www.census.gov/foreign-trade/data/video005.html>

Certificate of Origin

The Certificate of Origin (CO) states that the products in a shipment are wholly obtained, produced, manufactured, or processed in a particular country.

Certificates of origin may be required by importing countries or may be required in order to obtain preferential treatment as part of a trade bloc. It is required by some countries for all or only certain products. In many cases, a statement of origin printed on company letterhead will suffice. The exporter should verify whether a CO is required with the buyer and/or an experienced shipper/freight forwarder or email the [Trade Information Center](#)⁹³.

Generic Certificate of Origin

Document Example: [Certificate of Origin](#)⁹⁴

NOTE: Some countries (i.e., numerous Middle Eastern countries) require that the certificate of origin be notarized, certified by local Chamber of Commerce and legalized by the commercial section of the consulate of the destination country. Contact your local Chamber of Commerce, via the [Idaho Directory, for this service](#)⁹⁵. For certain Middle Eastern countries, the [National U.S.-Arab Chamber of Commerce](#)⁹⁶ may also provide such services.

For textile products, an importing country may require a certificate of origin issued by the manufacturer. The number of required copies and language may vary from country to country.

Certificate of Origin for claiming benefits under Free Trade Agreements

Special certificates may be required for countries with which the United States has free trade agreements (FTAs). Some certificates of origin including those required by the North American Free Trade Agreement (NAFTA), and the FTAs with Israel and Jordan, are prepared by the exporter.

Others including those required by the FTAs with Australia, the Dominican Republic-Central America-United States Free Trade Agreement (CAFTA-DR) countries, are the importer's responsibility.

CAFTA-DR—Countries Include:

Costa Rica	Dominican Republic	El Salvador
Guatemala	Honduras	Nicaragua

NAFTA—Countries Include:

Canada	Mexico
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Other FTA Countries Include:

Australia	Bahrain	Chile	Colombia
Israel	Jordan	Korea	Morocco
Oman	Panama	Peru	Singapore

Full List of Free Trade Agreement Countries: [Free Trade Agreements \(FTAs\)](#)⁹⁷

Document Explanation: [FTA Certificates of Origin](#)⁹⁸

Document Example: [Certificate of Origin](#)⁹⁹

How to
Document
Product
"origin" for
Exports to
Specific
Countries

To learn how to document origin for a specific country and for details for on FTA agreements, visit: [Free Trade Agreements Help Center](#)

⁹³ tic@ita.doc.gov

⁹⁴ <https://www.selectusa.gov/article?id=Certificate-of-Origin-Export-Guide>

⁹⁵ <https://www.uschamber.com/co/chambers/idaho>

⁹⁶ <http://www.nusacc.org/>

⁹⁷ <https://2016.export.gov/fta/>

⁹⁸ <https://www.trade.gov/fta-certificates-origin>

⁹⁹ <https://www.cbp.gov/document/guidance/certification-origin-template>

Certificate of Origin for goods not manufactured in the United States

Certificates of origin for goods not manufactured in the United States can be obtained from the [U.S. Chamber of Commerce](https://www.uschamber.com/)¹⁰⁰

Certificate of Free Sale

Many countries require a Certificate of Free Sale, sometimes called a "Certificate for Export" or "Certificate to Foreign Governments." The importer will often be able to assist with the requirements specific to the product that they are purchasing. A Certificate of Free Sale may be issued for **biologics, cosmetics/personal care products, food, alcoholic beverages, drugs, medical devices, and veterinary medicine**. For agricultural products, the "Certificate of Free Sale," sometimes called the "Certificate of Sanitation" or "Sanitary Certificate," is evidence that these goods are legally sold or distributed in the open market, freely without restriction, approved by the regulatory authorities in the country of origin (United States), and the manufacturer/producer has no unresolved enforcement actions pending before or taken by the FDA. These certificates may be issued by FDA-CFSAN or by a State governmental authority.

More information is available from the [Food and Drug Administration](https://www.fda.gov/)¹⁰¹

Certificate for Free Sale request for Agricultural Products: [Visit the ISDA](https://www.isda.idaho.gov/)¹⁰² or please contact certificate@isda.idaho.gov or (208) 332-8530

For agricultural, food and beverage products processed in Idaho, the Market Development Division, Idaho State Department of Agriculture (ISDA) issues Certificates of Free Sale to certify that the products are distributed generally throughout the State of Idaho and the United States and are in accordance with Idaho health laws and sanitary regulations. [Visit the ISDA](https://www.isda.idaho.gov/)¹⁰³ for further details.

Certificate of Free Sale for Non-Agricultural Products: please contact the Idaho Department of Commerce at cfs@trade.idaho.gov or (208) 334-2470.

In addition to the certificates described above, make sure you include any export licensing documents described on pages 29-31 and immediately following this section for food and agriculture products.

Other Certificates for Shipments of Specific Goods

Additional certificates are needed for different purposes. Check with your importer, freight forwarder, or contact the Trade Information Center at tic@trade.gov for further information. For food and agricultural products, visit the [Foreign Agricultural Service of the USDA](https://www.fas.usda.gov/)¹⁰⁴ for country or region-specific information. The following is a list of some of other certificates for specific types of products:

Certificate of Analysis

A Certificate of Analysis can be required for **seeds, grain, health foods, dietary supplements, fruits and vegetables, wine, and pharmaceutical products**.

Dangerous Goods Certificate

Exports submitted for handling by air carriers and air freight forwarders classified as **dangerous goods** need to be accompanied by the Shipper's Declaration for Dangerous Goods required by the International Air Transport Association (IATA). The exporter is responsible for accuracy of the form and ensuring that requirements related to packaging, marking, and other required information by IATA have been met.

For shipment of dangerous goods, it is critical to identify goods by proper name and to comply with packaging and labeling requirements, which vary depending upon the type of product shipped and the country to which it is shipped. More resources for dangerous goods training available at:

¹⁰⁰ <https://www.uschamber.com/>

¹⁰¹ <https://www.fda.gov/food/exporting-food-products-united-states/food-export-certificates>

¹⁰² <https://agri.idaho.gov/main/marketing/international-marketing/certificate-of-free-sale/>

¹⁰³ <https://agri.idaho.gov/main/marketing/international-marketing/certificate-of-free-sale/>

¹⁰⁴ <http://www.fas.usda.gov/regions>

- [International Air Transportation Association – Training Videos](#)¹⁰⁵
- Department of Transportation HAZMAT: [Federal Motor Carrier Safety Administration \(FMCSA\)](#)¹⁰⁶

For ocean exports, hazardous material regulations are contained in the International Maritime Dangerous Goods regulations.

Disinfection Certificate

Used clothing requires a disinfection certificate.

Pre-Shipment Inspections

The governments of a number of countries have contracted with international inspection companies to verify the quantity, quality, and price of shipments imported into their countries. The purpose of such inspections is to ensure that the price charged by the exporter reflects the true value of the goods, to prevent substandard goods from entering the country, and to deflect attempts to avoid payment of customs duties. Requirements for pre-shipment inspection are normally spelled out in a letter-of-credit or other documentary requirements. Some countries require pre-shipment inspection certificates for shipments of used merchandise.

Insurance Certificate

Insurance certificates are used to assure the consignee that insurance will cover the loss of or damage to the cargo during transit. These can be obtained from your freight forwarder or a qualified insurance broker that issues a Certificate of Insurance on behalf of the shipper. Note: an air waybill can serve as an insurance certificate for a shipment by air. Some countries may require certification or notification.

Food and Agriculture Products

Although the procedures for exporting food and agricultural products are quite similar, there are additional considerations for these products. These include specific export documentation, the ability to include certain food ingredients in a product, labeling and packaging requirements in foreign markets, and plant and animal health restrictions.

Special Food and Agriculture Certificates

In addition to the common export documents, agricultural products may require additional documentation to gain entry into a country. The importer will often be able to assist with the requirements specific to the product that they are purchasing. Following are several types of certificates which may be required depending on your product:

Fisheries Certificate

The [National Marine Fisheries Service](#)¹⁰⁷ conducts inspections and analyses of fishery commodities for export.

Fumigation Certificate

The Fumigation Certificate provides evidence of the fumigation of exported goods (especially agricultural products, used clothing, etc.). This form assists in the quarantine clearance of any goods of plant or animal origin. The seller is typically required to fumigate the commodity at his or her expense a maximum of 15 days prior to loading.

Halal Certification

Required by most countries in the Middle East, a Halal certificate states that the fresh or frozen meat or poultry products were slaughtered in accordance with Islamic law. Certification by an appropriate chamber and legalization by the consulate of the destination country is usually required. You may consider contacting the [Halal Food Council](#)¹⁰⁸ or [ISWA Halal Certification Department of the USA Halal Chamber of Commerce, Inc.](#)¹⁰⁹ for information.

¹⁰⁵ <https://www.iata.org/en/training/media/dgr-videos/>

¹⁰⁶ <https://www.fmcsa.dot.gov/regulations/hazardous-materials>

¹⁰⁷ <http://www.nmfs.noaa.gov/>

¹⁰⁸ <http://www.halalfoundation.org>

¹⁰⁹ www.ushalalcertification.com

Health Certificate

Health certificates may be required for shipments of **live animals and animal products, processed foodstuffs, poultry, meat, fish, seafood, dairy products, and eggs and egg products**. Health certificates are issued by the U.S. Department of Agriculture's [Animal and Plant Health Inspection Service \(APHIS\)](#)¹¹⁰.

Note: Some countries require that health certificates be notarized or certified by a chamber and legalized by a consulate.

Ingredients Certificate

A certificate of ingredients may be requested for **food products** with labels that are inadequate or incomplete. The certificate may be issued by the manufacturer and must give a description of the product, contents, and percentage of each ingredient; chemical data; microbiological standards; storage instructions; shelf life; and date of manufacture. If animal fats are used, the certificate must state the type of fat used and that the product contains no pork, artificial pork flavor, or pork fat. In specific countries, all foodstuffs are subject to analysis by the country's Ministry of Health laboratories to establish their fitness for use.

For U.S. foods shipped to **Korea, Japan and Taiwan**, the Oregon Department of Agriculture's Export Service Center (ESC) assists companies with pre-export analysis and certification of food products destined for those markets. The ESC is a certified customs laboratory for U.S. foods shipped specifically to those three countries. In addition, 17 other countries accept ESC analytical results in lieu of testing at the destination port. The lab can test a product and pre-certify that it meets the importing country's requirements before it leaves the United States. The ESC is located in the Food Innovation Center, a public service program of Oregon State University and the Oregon Department of Agriculture.

Export Service Center, Laboratory Services

1207 NW Naito Parkway, Suite 204 | Portland, OR 97209-2835 | Phone: (503) 872-6630

Email: esc-info@oda.state.or.us

Inspection Certificate

Weight and Quality certificates should be provided in accordance with governing USDA/GIPSA regulations for loading at port and loading at source/mill site as appropriate. A certificate of origin certified by the local chamber of commerce at the load port, a phytosanitary certificate issued by APHIS/USDA, and a fumigation certificate are to be provided to the buyer. Costs of all inspection, as well as certificates/documents at the load port, are usually the responsibility of the seller. Independent inspection certificates may be required in some instances.

Kosher Certification

If your products are certified Kosher, you may be required to provide a copy of your certificate with your other export documentation. To be certified Kosher, all ingredients in every product in addition to the process of preparing the product must be certified for kosher-compliance. There are fifty national certification agencies that can provide kosher certification. You may consider contacting OU Kosher in New York online at www.Oukosher.org, or by phone at (212) 563-4000 for more information.

Organic Certification

If you are a certified organic product, you may be required to provide a copy of your certification from an accredited certifying agent with your other export documents. The Idaho State Department of Agriculture's Organic Certification Program is an accredited certifying agent of the USDA's National Organic Program. They are able to provide certification services for **crops, wild crops, livestock, and handlers/processors**.

They also provide material registration for manufacturers who produce inputs used in organic production. For more information on the certification process and fees, go to [ISDA Organic Program](#)¹¹¹.

Phytosanitary Certificate

A phytosanitary (plant health) certificate is an official document issued by an exporting country, which certifies that the phytosanitary status of the shipment meets the regulations of the importing country. All shipments of **fresh fruits and vegetables, seeds, nuts, flour, rice, grains, lumber, plants, and plant materials** require a

¹¹⁰ <https://www.aphis.usda.gov/aphis/home/>

¹¹¹ <https://agri.idaho.gov/main/about/about-isda/ag-inspections/organic-certification-program/>

federal Phytosanitary Certificate. The certificate attests that the plant products in the shipment have been inspected and are free from any pests or diseases that the destination country may have quarantined or otherwise controlled.

To obtain a Federal Phytosanitary Certificate (phyto), each shipment must be inspected, and an application must be submitted. You may need field inspection, treatment, or other things to be able to meet the entry requirements of the foreign country. For Idaho products, this certificate is issued by the Idaho State Department of Agriculture (ISDA), Division of Plant Industries. To obtain information, or apply for a phytosanitary inspection and certification, contact the Phyto Line closest to your area:

Boise — (208) 332-8629 | Twin Falls — (208) 736-3032

Radiation Certificate

Some countries, including Saudi Arabia, may require this certificate for **some plant and animal imports**. The certificate states that the products are not contaminated by radioactivity.

Veterinary Certificate

When exporting **meat and animal products**, it will be necessary to obtain this certificate attesting to the food's or animal's compliance with the country's health regulations. These certificates are issued by the United States Department of Agriculture, Animal Health Inspection Service, Veterinary Services (USDA/APHIS/VS). The Idaho office of USDA Veterinary Services can be contacted at:

Idaho USDA Veterinary Services
9158 W. Black Eagle Dr. | Boise, ID 83709
Phone: (208) 378-5631 | Fax: (208) 378-5637

Other (Product-Specific) Certificates

- **Certificate of Weight:** required for grain and seeds.
- Many countries in the Middle East require special certificates for imports of **animal fodder additives, livestock, pets, and horses**.
- Shaving brushes and articles **made of raw hair** must be accompanied by a recognized official certificate showing the consignment to be free from anthrax germs.

Label and Packaging

In general, countries will require that imported food and beverage products meet the same standards for labeling, sizing and other restrictions as those required for domestically produced items. It is imperative that you research the importing country's requirements to learn what is needed. In some cases, it is permissible to attach a sticker to the existing label/packaging with the required information, in the required language. In addition to labeling requirements, some countries require standardized package sizes, and these sizes vary by product type. It may not be possible to use the same packaging and sizing as what is used in the U.S. market.

Plant and Animal Health Restrictions

The Animal Health Inspection Service (APHIS) of the USDA plays a vital role in ensuring the free flow of agricultural trade by keeping U.S. agricultural industries free from pests and diseases and certifying that the millions of U.S. agricultural and food products shipped to markets abroad meet the importing countries' entry requirements. To research restrictions and requirements, go to www.aphis.usda.gov and select Imports & Exports on the left-hand navigation. There are links to International Animal Export Regulations, International Products Export Regulations and Plants or Plant Products where you can determine requirements by country and ineligible commodities.

Other Export-Related Documents

Consular Invoice

A Consular Invoice is a commercial invoice prepared in the language of the buyer's country and certified by a consulate of the importing country. Some countries require the consular invoice in addition to the commercial invoice in order to facilitate payment and provide a level of confidence that the seller will not overcharge the buyer. If required, copies are available from the destination country's embassy or consulate in the U.S. The cost for this documentation can be significant and should be discussed with the buyer.

Canadian Customs Invoice

Although not required by regulation, this customs invoice is a preferred document by Canadian Customs and customs brokers. It is issued in Canadian dollars for dutiable and taxable exports exceeding \$1,600 Canadian dollars. The Canadian Customs Invoice includes the buyer and seller, the terms of shipment, the terms of sale, the currency of settlement, the quantity and weight of the goods, the type of packaging and complete description of the goods, the unit value and the total value of the goods, and any insurance, shipping, or other charges. A certification and signature should also be included.

Detailed invoice requirements, example and instructions can be obtained on the [Canadian Customs-Publications and forms](#)¹¹² website. Specifically, [Form CI1 – Canada Customs Invoice](#)¹¹³.

Dock Receipt and Warehouse Receipt

A dock receipt and warehouse receipt are used to transfer accountability when the export item is moved by the domestic carrier to the port of embarkation and left with the ship line for export.

Import License

Import licenses are the responsibility of the importer and vary depending upon destination and product. However, including a copy of an import license with the rest of your documentation may in some cases help avoid problems with customs in the destination country.

ISPM 15 (Wood Packaging) Marking

The International Standards for Phytosanitary Measures Guidelines for Regulating Wood Packaging Material in International Trade (ISPM15) is one of several International Standards for Phytosanitary Measures adopted by the International Plant Protection Convention (IPPC). The IPPC is an international treaty to secure action to prevent the spread and introduction of pests of plants and plant products, and to promote appropriate measures for their control. The American Lumber Standard Committee (ALSC) and the National Wooden Pallet & Container Association (NWPCA) provide phytosanitary certification for wood packaging materials (WPM). APHIS will issue a phytosanitary certificate for wood package materials only if WPM are the cargo.

Shipper's Letter of Instruction

The shipper's letter of instruction is issued by the exporter to the forwarding agent and includes shipping instructions for air or ocean shipment. This document gives the forwarder permission to handle the product and prepare associated documentation in the manner outlined in the letter. The letter should explain all details of the transaction that would be required in order to properly fulfill the buyer's order, distribute documentation, and collect payment.

Document Example: [Shipper's Letter of Instruction](#)¹¹⁴

¹¹² <https://www.cbsa-asfc.gc.ca/publications/menu-eng.html>

¹¹³ <https://www.cbsa-asfc.gc.ca/publications/forms-formulaires/ci1-eng.html>

¹¹⁴ <https://www.nglog.com/files/shiplet.pdf>

Temporary Shipment Documents

Customs Certificate of Registration

Customs Form 4455 may be used (often in conjunction with a temporary import bond or ATA Carnet). CBP Form 4455 is used to register and defer payment of duty on articles which will be exported temporarily for alteration, repair, replacement, or processing and subsequently returned to the U.S.

Note: The CBP 4455 is not accepted in foreign countries to waive import duty or tax.¹¹⁵

ATA CARNET/Temporary Shipment Certificate

An ATA Carnet, a. k. a., "Merchandise Passport," is a multi-purpose temporary export / import document. An ATA Carnet can serve as the Certificate of Registration to facilitate the temporary importation of products into foreign countries by eliminating tariffs and value-added taxes (VAT) or the posting of a security deposit normally required at the time of importation. For more information:

- ATA Carnet | [Boomerang carnets](#)¹¹⁶
- United States Council for International Business - [ATA Carnet](#)¹¹⁷

Transporting Goods by Truck to Canada

An application to transact bonded carrier and forwarding operation, [Form E370](#)¹¹⁸, is required to bring goods over the border to Canada, when not already cleared through Customs at the border.

Single Trip Authorization by:

- Air Carriers [BSF329-1](#)¹¹⁹
- Rail Carriers [BSF329-5](#)¹²⁰
- Freight Forwarders [BSF329-9](#)¹²¹

To learn about export documentation, visit [export.gov](#) to watch the "[Export Documentation New to Export](#)"¹²² webinar that identifies the documents and describes how to complete them.

[Documents in an Export Transaction](#)¹²³- Video

Export Compliance Resource Worksheets

- [Export Compliance Program](#)¹²⁴

¹¹⁵ <http://www.atacarnet.com/cbp-form-4455>

¹¹⁶ <http://www.atacarnet.com/>

¹¹⁷ <http://merchandisepassport.org/>

¹¹⁸ <https://www.cbsa-asfc.gc.ca/publications/dm-md/d3/d3-4-2-eng.html>

¹¹⁹ <https://www.cbsa-asfc.gc.ca/publications/forms-formulaires/bsf329-1-eng.html>

¹²⁰ <https://www.cbsa-asfc.gc.ca/publications/forms-formulaires/bsf329-5-eng.html>

¹²¹ <https://www.cbsa-asfc.gc.ca/publications/forms-formulaires/bsf329-9-eng.html>

¹²² https://2016.export.gov/webinars/eg_main_039889.asp

¹²³ <https://www.trade.gov/documents-export-transaction>

¹²⁴ <http://commerce.idaho.gov/content/uploads/2021/02/EXPORT-COMPLIANCE-WS.pdf>

ADDITIONAL SOURCES FOR EXPORT ASSISTANCE AND MARKET RESEARCH

There are many local, international and internet resources available to Idaho companies as they develop their export markets. You can find many of these additional resources in our [Idaho Exporter's Resource Guide](#)¹²⁵ including:

- Local Contacts and Sources for Export Assistance
- Idaho International Trade Offices in China, Taiwan & SE Asia and Mexico
- Export Guides & Training
- Market Research & Development Links
- Shipping, Regulations & Standards Links
- Financing & Funding
- Additional Suggested Internet Links



Idaho State Department of Agriculture



Idaho Department of Commerce

Promoting Idaho Products Around the World

¹²⁵ http://commerce.idaho.gov/content/uploads/2021/02/Idaho_Exporter_Resource_Guide_Rev-12.2020.pdf