

**INB 2503**  
**Week 3**



# Vocabulary



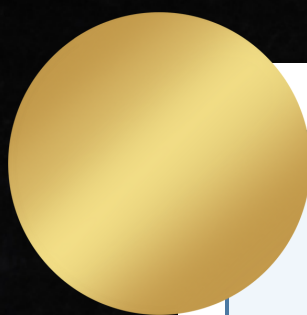
**CONSUMER**



**CLIENT**

**CUSTOMER**

**Relationship**



Borrow

Loan

Rent

Lease

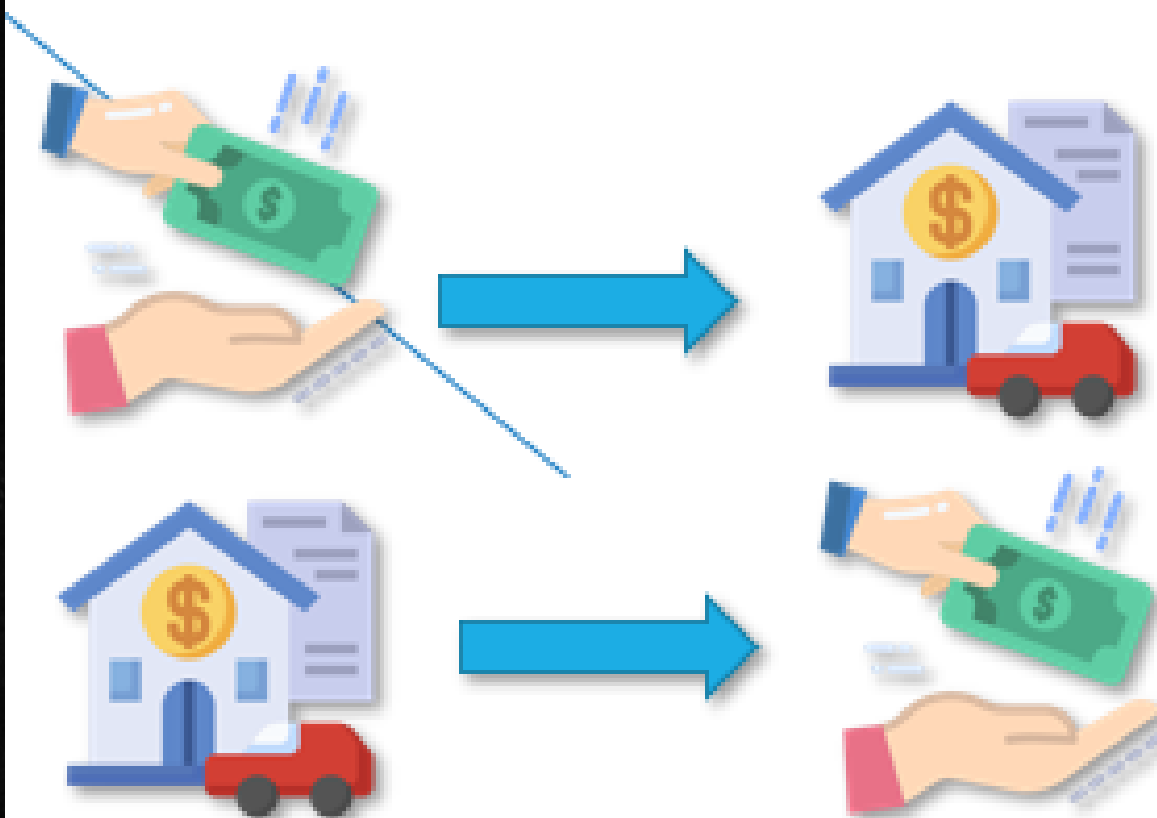
Lend

Short

Long

Asking , Receiving

Giving



**Lending** provides funds to purchase assets where title is held by the borrower.

**Leasing** provides use of the asset with title still held by the lessor.



When you **borrow** money from the bank, you **take out a loan**.

If you're borrowing money to buy a house or an apartment, there's a special word for it: **mortgage**.

**Repay a loan** → Generally, you do this by making payments every month.

Some of the payment is **interest**: an extra percentage which you pay to the bank.

When you finish paying back a loan, you **pay it off**.

If you have a lot of loans, then you're **in debt**. → This means you owe money.

In the dialogue, you heard the phrase he **owes a lot of money**.

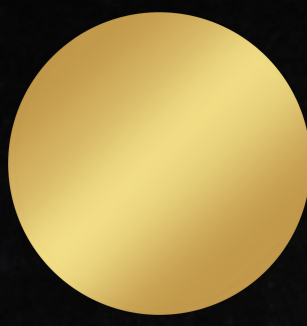




## example

- It'll take us another ten years to **pay off** our mortgage.
- The **interest** on our car loan is ridiculously high.
- I never **borrow** money; I don't like being **in debt**.
- He has **maxed out** credit cards. You **max out** a credit card when you borrow the maximum amount you can on it.
- Finally, if you can't pay back your debts, you'll have to **declare bankruptcy**.





- Request for Quotation
- Request for Information
- Request for Proposal



Buyer





The **RFQ** is designed to demand information about what a solution will cost, as per each supplier. An **RFI** is more general, simple, and relaxed, aiming to create a warm atmosphere leading on to a relationship between procurer and vendor. The **RFP** is more formal and serious, demanding actionable information from suppliers.





Finished **merchandise** being inspected and given **a certificate of manufacture** the seller will then issue **a pro forma invoice** while the buyer may obtain **a letter of credit** to **finance** the payment next the seller will draw up **a bill of lading** and arrange **shipment** under **internationally agreed terms** such as **CFR CIF** and **FOB** on arrival merchandise is often stored in a **bonded warehouse** until **import tax or Duty** is paid a **customs broker** may then help clear the goods through **customs**.



# Merchandise

Goods that are bought and sold in trade are called merchandise.

When merchandise is being moved or shipped it may be called freight or cargo.

**Trucks took the merchandise in containers from the factory to the port.**





# Certificate of Manufacture / Certificate of inspection

when the merchandise is ready, the manufacturer will issue a **certificate of manufacturer** certifying that the goods have been made to the buyers specifications likewise a **certificate of inspection** shows that the goods meet the required standards prior shipment .

if the goods appear damaged so the buyer checked to see that the certificate of inspection was valid.

<b>CERTIFICATE</b>	 TÜVRheinland® Precisely Right.
TUV Rheinland of North America, Inc. 295 Foster Street, Suite 100, Littleton, MA 01460	
Hereby certifies that:	
	<b>CAST ALUMINUM</b> <b>Solutions</b>
<b>Cast Aluminum Solutions, LLC</b>	
<b>1310 Kingsland Dr.</b> <b>Batavia, IL 06510</b> <b>USA</b>	
has established and maintains a quality management system for the	
<b>Design and Manufacture of Engineered Thermal Products</b>	
An audit was performed and documented in Report No 3170. Proof has been furnished that the requirements according to	
<b>ISO 9001:2015</b>	
are fulfilled.	
Further clarification regarding the scope of this certificate and the applicability of ISO 9001:2015 requirements may be obtained by contacting TRNA.	
Certificate Registration No.	
<b>74 300 3170</b>	
Certificate Issue Date <b>January 16, 2021</b>	Certificate Expiration Date <b>January 15, 2024</b>
Reissue Date: 12/22/2020	 
	 Certification of Management Systems





# Pro Forma invoice

**Pro forma invoice, before** a supplier **send** merchandise to a buyer the supplier provides a pro forma invoice this invoice lists the exact quantity value and specifications of the merchandise. When the shipment arrived we check the contents against the **pro forma invoice** we had received.

## PROFORMA INVOICE

SENT TO	SHIP TO	INVOICE #	US-001
John Smith	John Smith	INVOICE DATE	11/02/2019
2 Court Square	3787 Pineview Drive	P.O.#	2312/2019
New York, NY 12210	Cambridge, MA 12210	DUE DATE	26/02/2019

East Repair Inc.  
1912 Harvest Lane  
New York, NY 12210

DESCRIPTION	UNIT PRICE	QTY	AMOUNT
Front and rear brake cables	100.00	1	100.00
New set of pedal arms	15.00	2	30.00
Labor 3hrs	5.00	3	15.00

SUBTOTAL	145.00
Sales Tax 6.25%	9.06

PROFORMA INVOICE TOTAL  
\$154.06

John Smith

TERMS & CONDITIONS  
Payment is due within 15 days  
  
Please make checks payable to: East Repair Inc.



# Letter of credit LC / SBLC / Stand by LC

**Letter of credit** ensured trades a buyer will finance the transaction using a letter of credit.

This document guarantees that the payment will be made when the seller meets the conditions of the sale.

Once exporting Company received **the letter of credit** they contacted the shipping company to arrange transport .







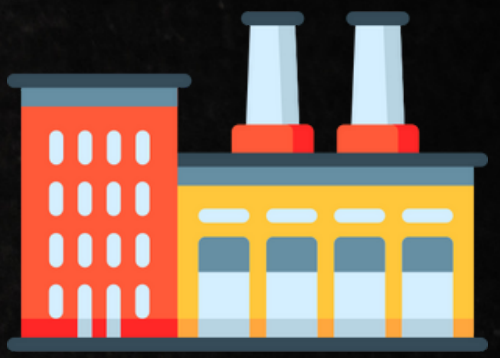
Terms	Definition	Activity
Applicant	Importer	Buy
Beneficiary	Exporter	Sell
Issuing / Opening Bank	Importer's Bank	Issues LC
Advising Bank	Exporter's Bank	Advises LC
Confirming Bank	Advising Bank / 3rd Party Bank	Confirms LC
Paying Bank	Any Bank as specified in LC	Pays the Draft



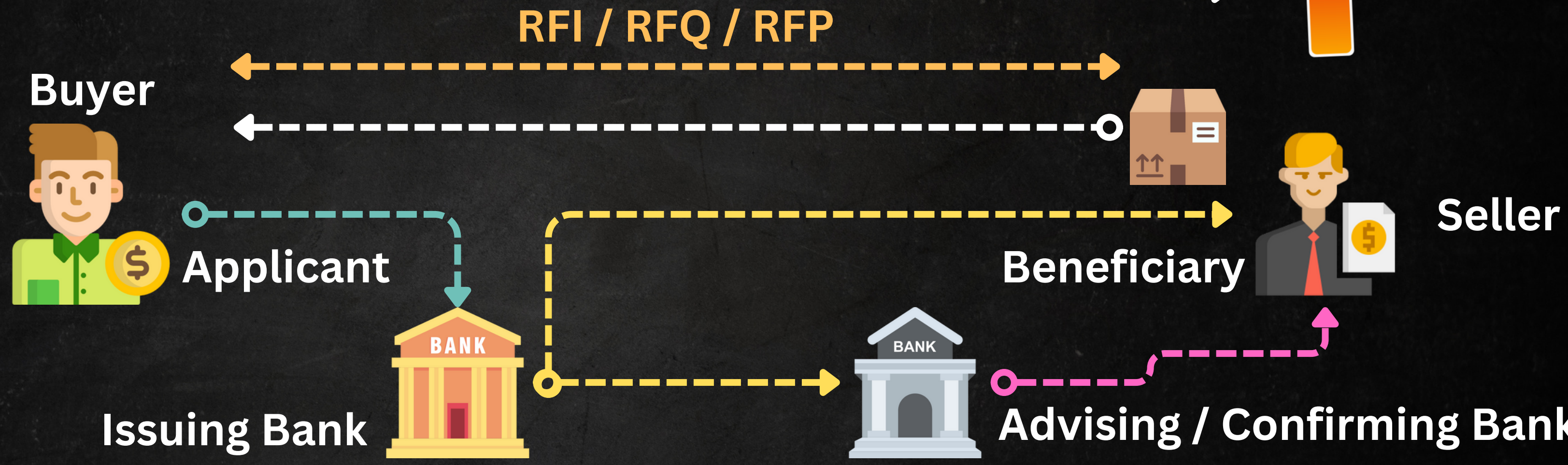


- Export / Import LC
- Stand by LC
- Transferable LC
- Un-Transferable LC
- **Revocable LC**
- **Irrevocable LC**

- **Confirmed LC**
- **UnConfirmed LC**
- Back to Back LC
- Red Caused LC
- Green Caused LC



- 1
- 2
- 3
- 4
- 5





# Bill of Lading

A bill of lading is a contract between an exporter and a transportation company. the bill of lading lists the goods being carried and must remain with the merchandise at all times an airline may issue a bill of lading to a seller either before or after payment for goods is made.



Date: 09/25/2019

BILL OF LADING

Page: 1

SHIP FROM

Name: Minisoft  
Address: 1024 First Street  
City/State/Zip: Snohomish, WA 98290  
SID #: 000002493

FOB: ☐

SHIP TO

Name: Random Warehouse  
Address: 1024 First Street  
City/State/Zip: Snohomish, WA 98290  
SID #: 000009324

FOB: ☒

THIRD PARTY FREIGHT CHARGES BILL TO

Send Paper Invoices with Backup To:  
  
Address: PHILIPS NORTH AMERICA / US 19  
PO BOX 1784 4602 21st STREET  
LONG ISLAND CITY, NY 11101

SPECIAL INSTRUCTIONS

Master Bill of Lading Number:  
  
Emergency Response: SDS 800-451-8346

Bill of Lading Number: 87186985000038416

(402)87186985000038416

CARRIER NAME: Estes Express Lines  
TRAILER NUMBER: 522401  
SEAL NUMBER: 963258741235

ARN:

SCAC: EXLA  
PRO NUMBER: 2959038700

(9012K)EXLA2959038700

Freight Charge Terms: (freight charges are prepaid unless marked otherwise)  
Prepaid ☒ Collect ☐ 3rd Party ☐

☐ Master Bill of Lading: with attached underlying Bills of Lading.  
(check box)

CUSTOMER ORDER INFORMATION						ADDITIONAL SHIPPER INFO	
CUSTOMER ORDER NUMBER	# PKGS	WEIGHT	PALLET/SLIP				
86128	60 cts	101.03 lbs	Y	N	0		
GRAND TOTAL	60 cts	146.00 lbs					

CARRIER INFORMATION						COMMODITY DESCRIPTION		LTL ONLY	
HANDLING UNIT	PACKAGE		WEIGHT	H.M. (X)				NMFC #	CLASS
QTY	TYPE	QTY	TYPE						
1	plts	60	ctns	146.03 lbs	X	UN3841 Lithium ion batteries contained in equipment.		92.5	92.5
1		60		146.00 lbs		GRAND TOTAL			

Where the rate is dependent on value, shippers are required to state specifically in writing the agreed or declared value of the property as follows:  
  
"The agreed or declared value of the property is specifically stated by the shipper to be not exceeding \_\_\_\_\_ per \_\_\_\_\_."

COD Amount: \$  
Fee Terms: Collect: ☐ Prepaid: ☐  
Customer check acceptable: ☐

NOTE Liability Limitation for loss or damage in this shipment may be applicable. See 49 U.S.C. 14706(c)(1)(A) and (B).

RECEIVED, subject to individually determined rates or contracts that have been agreed upon in writing between the carrier and shipper, if applicable, otherwise to the rates, classifications and rules that have been established by the carrier and are available to the shipper, on request, and to all applicable state and federal regulations.

The carrier shall not make delivery of this shipment without payment of freight and all other lawful charges.

SHIPPER SIGNATURE/DATE  
This is to certify that the above named materials are properly classified, described, packaged, marked and labeled, and are in proper condition for transportation according to the applicable regulations of the DOT.

Trailer Loaded:  
☐ By Shipper  
☐ By Driver

Freight Counted:  
☐ By Shipper  
☐ By Driver/pallets said to contain  
☐ By Driver/Pieces

CARRIER SIGNATURE/PICKUP DATE  
Carrier acknowledges receipt of packages and required placards. Carrier certifies emergency response information was made available and/or carrier has the DOT emergency response guidebook or equivalent documentation in the vehicle.  
  
Property described above is received in good Order, except as noted.

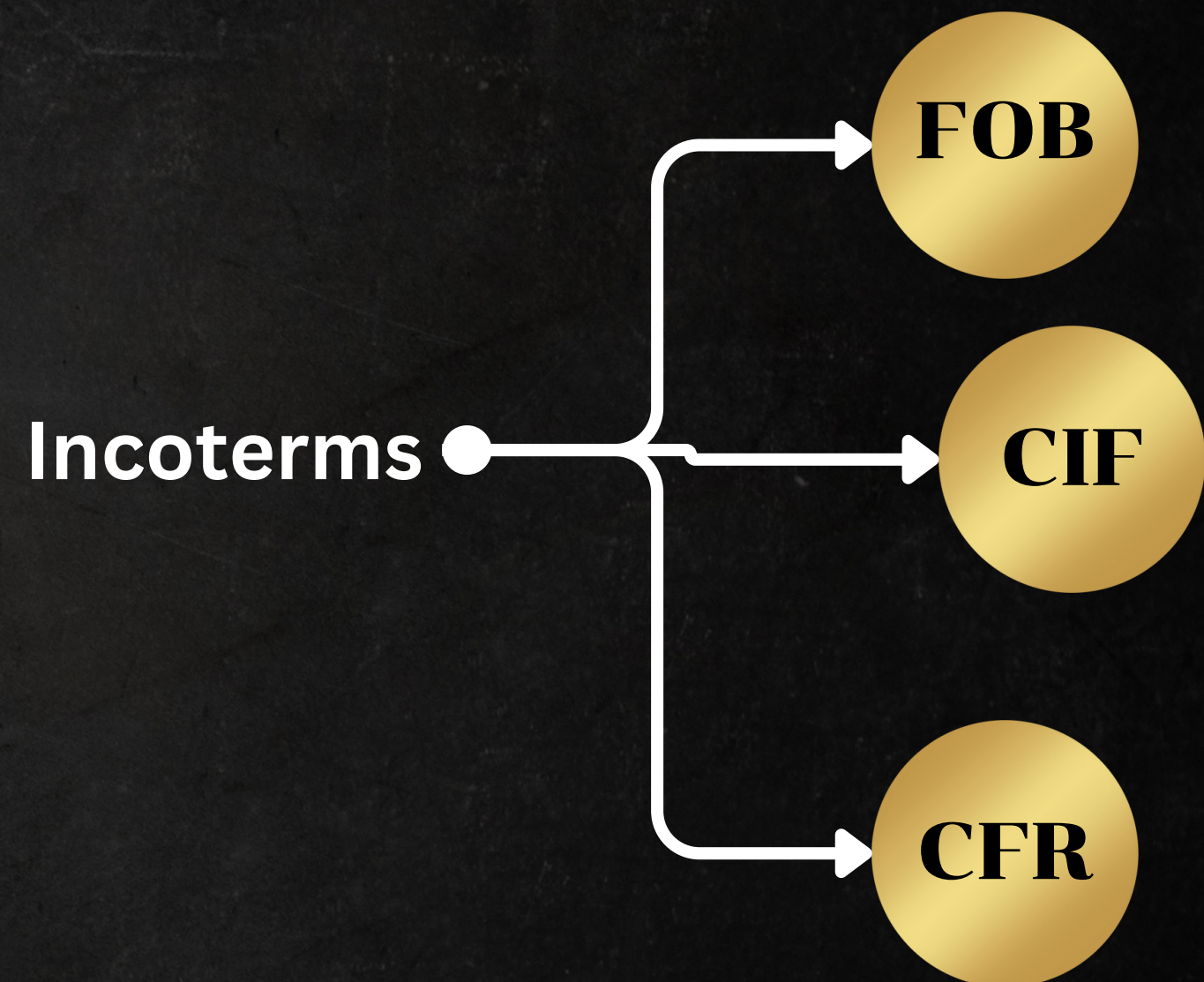




# Incoterms

**The internationally agreed terms** of a sale under which most trade is governed are called **Incoterms**. Some of the most common terms include

**The International Chamber of Commerce (ICC)** developed Incoterms in 1936 and updates them periodically to conform to changing trade practices. (45 million companies in more than 100 countries)







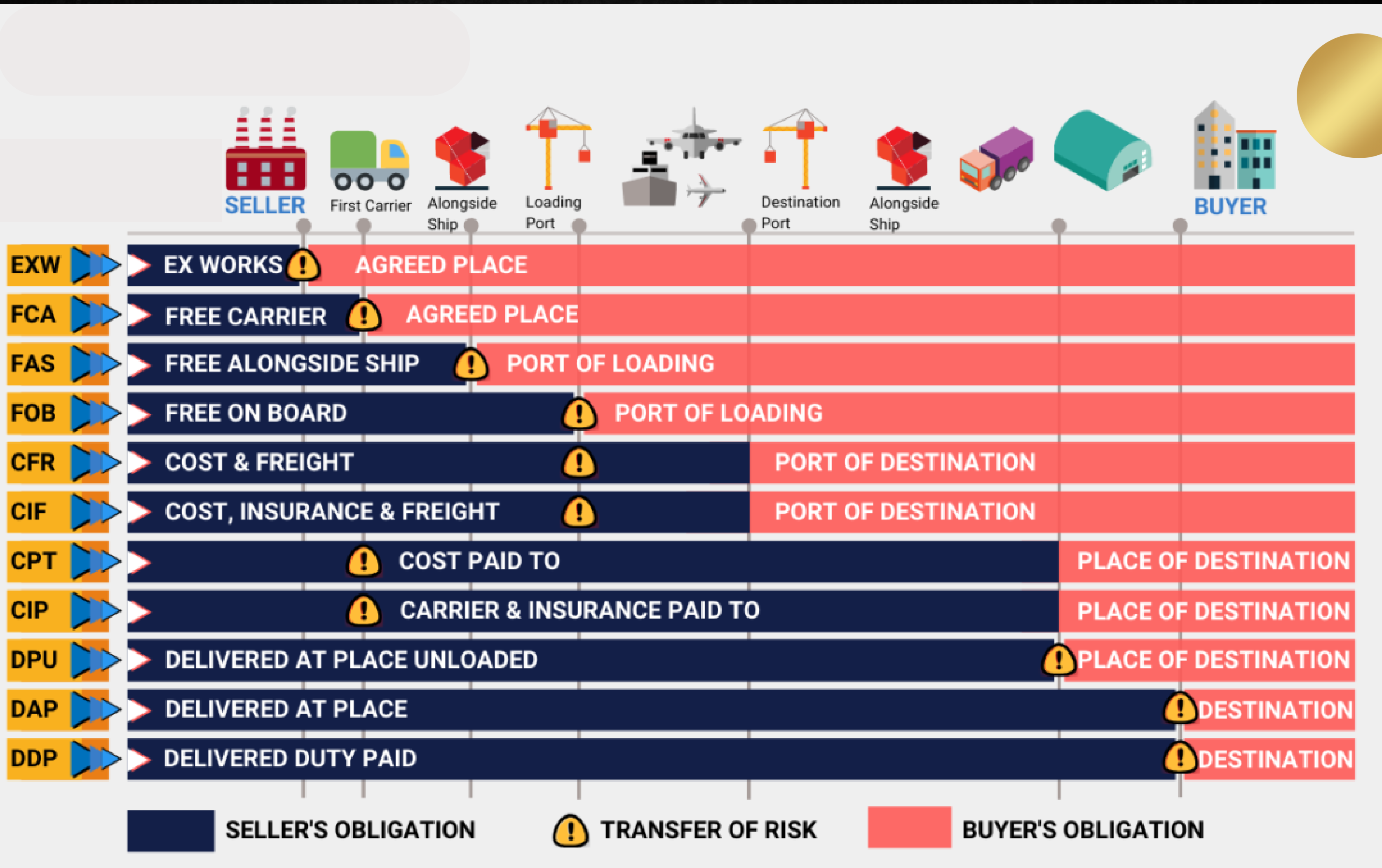
# Incoterms

**CFR** or **cost and freight** means that a quoted price includes the cost of goods and transport charges to the destination port

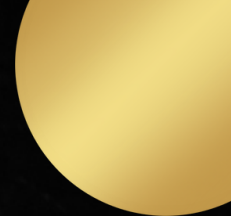
**CIF** or **cost insurance and freight** means that a quoted price includes the cost of goods insurance and transportation to the destination port the seller agreed to pay cost and freight so the buyer had to buy insurance for the goods

**FOB** or **Free on Board** means the seller is responsible for the goods until they are loaded the seller must pay all costs related to getting the goods to port and on to ship.









**Ex Works (EXW)** is a shipping arrangement in international trade where a seller makes goods available to a buyer, who then pays for transport costs.

**Free Carrier (FCA)** Free carrier is a trade term dictating that a seller of goods is responsible for the delivery of those goods to a destination specified by the buyer. When used in trade, the word "free" means the seller has an obligation to deliver goods to a named place for transfer to a carrier. The destination is typically an airport, shipping terminal, warehouse, or other location where the carrier operates. It might even be the seller's business location.

**Free alongside ship (FAS)** is a contractual term used in the international export business that stipulates that the seller must arrange for goods to be delivered to a designated port and next to a specific vessel for easier transfer.

**Free alongside ship is one of a number of internationally recognized commercial terms used by export and import businesses.**





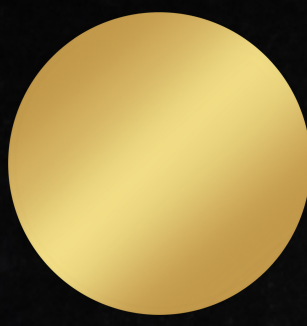
## **Cost Paid To / Carriage Paid To (CPT)**

The seller is responsible for arranging carriage to the named place, but not for insuring the goods to the named place. However delivery of the goods takes place, and risk transfers from seller to buyer, at the point where the goods are taken in charge by a carrier

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**Delivered-at-place (DAP)** is an international trade term used to describe a deal in which a seller agrees to pay all costs and suffer any potential losses of moving goods sold to a specific location. In DAP agreements, the buyer is responsible for paying import duties and any applicable taxes, including clearance and local taxes, once the shipment has arrived at the specified destination.

**Delivered Duty Paid (DDP)** works a little differently. Under this rule, the seller takes on all of the risk, responsibility, and costs associated with transport. This includes the cost of shipping, insurance, duties (import and export), and any other agreed-upon expenses with the buyer.

**The Delivered at Place Unloaded (DPU)** The buyer will have to pay for import duties and clearance, as well as any last-mile deliveries from the designated unloading point.



# Bonded Warehouse

**A Bonded Warehouse** is a place where goods are stored after shipping but before the payment of duties on those goods.

At any major port facility there will be a number of **Bonded warehouses** available to store goods



**A warehouse bond** provides financial protection for individuals or businesses storing goods in a storage facility. The bond gives protection for any losses if the event the storage facility fails to live up to the contract terms. If the operator of the warehouse fails to meet its contractual obligations, a third-party surety company, acting as an intermediary, will compensate the client for loss.





# Custom

**Customs** is the authority or organization that controls the flow of goods in and out of a country .

**Customs** authorities collect the duties or taxes applied to imports and exports within a port. **Customs** officials have the right to board and search any ship





# Customs Broker / Customs Brokerage

A **Customs broker** is a person or business that helps importers and exporters move their goods through customs.

**Customs brokers** prepare documents help with communication and arrange payment of duties. Many customs brokers specialize in certain types of goods such as textiles food or computer equipment.





# IMPORT & EXPORT

## Agency

Import agents are essentially professionals who deal with import and export of goods. Primary responsibilities include ensuring **secured transportation of goods**, **making and collecting payments** on behalf of customers and dealing with third parties.







**QUESTION ?**