

## THE TERMINOLOGY OF EXPORTING (GLOSSARY)

*Exporting is more complex than selling in a domestic market. To succeed, you should familiarize yourself with key trade expressions and techniques. Among other areas, you should understand some or all of the following aspects:*

- the laws, regulations and practices governing your product in your target market;
- export documentation, including invoices, bills of lading, certificates of origin, and health and safety certificates;
- the tariffs, Customs duties and processing fees as well as the taxes payable on your shipment;
- the export-related services offered by brokers, trading houses, agents, freight forwarders and insurance companies;
- how to label, pack, transport and store your products;
- payment options such as letters of credit, bills of exchange and open account transactions.

### GENERAL

International trade carries its own particular terminology. The following are general trade expressions that new exporters will encounter in published sources and trade discussions.

**Agent:** A foreign representative who tries to sell your product in the target market. The agent does not take possession of — and assumes no responsibility for — the goods. Agents are paid on a commission basis.

**Bill of Lading (Ocean or Airway):** A contract prepared by the carrier or the freight forwarder with the owner of the goods. The foreign buyer needs this document to take possession of the goods.

**Certificate of Origin:** A document that certifies the country where the product was made (i.e. its origin). A common export document, a certificate of origin is needed when exporting to many foreign markets. It must be used for Canadian-made goods to qualify for preferential tariff treatment under the NAFTA.

**Commercial Invoice:** A document prepared by the exporter or freight forwarder, and required by the foreign buyer, to prove ownership and arrange for payment to the exporter. It should provide basic information about the transaction, including description of goods, address of shipper and seller as well as delivery and payment terms. In some cases, the commercial invoice is used to assess Customs duties.