

APPENDIX A

An Export Pricing Sheet — How to work out export prices¹

One of the early steps in campaigning for export markets is working out realistic export prices — or “costing,” as it is sometimes called. Too often, goods are priced for export merely on the basis of domestic price plus freight and insurance. Sometimes the resulting price is unrealistically high; occasionally it is too low. The would-be exporter should remember that foreign buyers usually have quotations from many countries to compare and will seek the best possible price. Export quotations should generally be kept as low as possible, commensurate with a reasonable profit — and certainly a profit no higher than on domestic sales. Manufacturers intent on making volume foreign sales will bear in mind that success will only result from consistent quality offered at acceptable prices. A word of caution: buyers' loyalty runs thin on the international scene. A miniscule price difference may suddenly displace established suppliers. This can work in your favour.

Federal sales tax does not apply to exports, and if any charge for advertising is made in domestic prices, it should be deducted from the base price before calculating export prices.

The following worksheet may serve as a sample guide to assist you in arriving at a realistic export price for your products.

More detailed information about export financing is available from the Department of Foreign Affairs and International Trade (see Appendix E).

EXPORT PRICING WORKSHEET (C.I.F.)²

Date: March 1983 Ref: 6243

Name of customer: Mr. Buyer, Importers Inc.

Address: 162 Overseas Blvd., Foreign Country

Product: WIDGET

Special terms or conditions quoted:

Unit quotes: 1 000 Gross weight: 64 kg Cubic measure: 140 m³

| Item | Cost (CS) |
|---|---------------|
| Cost and Freight | |
| 1. Cost of unit before profit | 10 000 |
| 2. Profit at 10% (for example) | 1 000 |
| 3. Overseas agent's commission at 7 1/2% (for example) | 825 |
| 4. Export packing | 75 |
| 5. Labelling cost | 10 |
| 6. Stencil marking cost | 0 |
| 7. Strapping cost | 5 |
| 8. Cartage | 2 |
| 9. Freight to seaboard cost: \$6.00 per 1 000; Type of carrier: rail | 6 |
| 10. Unloading charges | 2 |
| 11. Terminal charges | 1 |
| 12. Long-load or heavy loading charges | 0 |
| 13. Consular documents charges | N/A |
| 14. Other charges (cable, phone) | 4 |
| 15. Ocean freight cost | 30 |
| 16. Forwarding agent's fee | 10 |
| 17. Export credit insurance at 1% (for example) | 100 |
| 18. Financing charges for credit sales | 400 |
| Total of cost and freight | 12 470 |
| Insurance | |
| 19. Marine insurance (add 10% to total of cost and freight) | 13 717 |
| Approximate premium | 137 |
| Amount to be insured | 13 854 |
| 20. Type of insurance: All risks: Rate: 1%; Premium: 138.54 | 139 |
| Grand total (C.I.F.) | 12 609 |
| Convert Canadian \$ to export market currency | 104 203 zks |

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² Cost, Insurance, Freight