

Once the freight forwarder delivers your shipment to the carrier, it is on its way. The forwarder prepares and forwards copies of all documentation to your customer, your bank and to you. The customer will be notified that the product has been shipped and of when to expect arrival. The customer then uses the documentation to clear the shipment through Customs.

Customs Clearance

- the goods clear Customs at the destination entry point.

Customs clearance varies depending on how you export your product or service. If shipping goods to a wholly owned subsidiary in a foreign country, then you are responsible for taking the goods through Customs, transporting, storing and delivering them. In many cases, however, the buyer is informed that the goods are being held in Customs and arranges to have them cleared and delivered.

Collection

After the shipment has been sent:

- the freight forwarder presents your bank with the letter of credit and all accompanying documentation;

- you present your bank with a sight draft (demand for payment);
- your bank passes the documentation to the buyer's bank with a demand for payment;
- the buyer's bank accepts the documentation and informs you of when the funds will be transferred to your bank;
- your bank transfers the funds to your account.

The freight forwarder presents your bank with the letter of credit, the sight draft and all required documents (including certificates of inspection, commercial invoices, packing lists and insurance certificates). The bank checks all documents for discrepancies and also verifies if the shipment was delivered on time.

Finally, the draft and the documents are sent to the customer's bank, which also checks them for discrepancies. If none are found, the draft is accepted and you are notified of the acceptance. At a specified time, your bank will receive the funds from your customer's bank, and your trial run is complete.