

Finalize the Sale

Confirm the following details of the transaction with the buyer:

- quantity;
- payment terms;
- shipping terms;
- transportation method;
- price.

Be sure both sides agree on quantity, payment terms, shipping/trade terms, transportation mode, price and other specifics of the sale. Typically, the process will be initiated when your sales department receives a purchase order from the buyer. You should respond with an acknowledgement of the order or a sales confirmation.

Prepare Letter of Credit

- the buyer issues an instruction to its own bank;
- the buyer's bank sends your bank the letter of credit;
- your bank sends you the letter of credit.

The letter of credit is an important document — it should be carefully reviewed by your company, including your freight forwarder, banker and even your legal counsel. The letter must be consistent with your sales agreement and you must comply with all of its provisions. Remember that the buyer's bank could fasten on any discrepancies in your documentation. It pays on receipt of correct documents, not on successful completion of the transaction. If a name or address is misspelled, if the shipping date is wrong, or if all charges are not included, you may be unable to collect.

Prepare other Documentation

Your shipment must be accompanied by all relevant documentation, including:

- commercial invoice;
- packing slip;

- shipper's instructions;
- certificate of origin;
- standards documentation (if necessary);
- health/sanitary certificate (if necessary).

Freight Forwarding

The freight forwarder prepares the following documents:

- Customs invoice;
- consular invoices (if required);
- special packing or marking list;
- insurance and certificate of insurance;
- bill of lading.

The freight forwarder delivers copies of all documents to the buyer, your commercial bank and to you.

You can now inform the freight forwarder that your container is packed and equipped with the required documentation. The forwarder will then begin preparing the paper work and deliver the shipment to the buyer.

Your shipment must be accompanied by a transportation document such as a bill of lading or air waybill that specifies the mode of transportation, the route the goods are to take and delivery times. It must be presented to your bank with the letter of credit and other required documents.

The shipment may also need a certificate of insurance as proof that it is insured against loss or damage. The insurance must comply with the specific coverage indicated in the letter of credit. All-risk insurance is normally the best type of coverage for exporters.

Shipment

- freight forwarder sends the goods to the carrier;
- customer receives all relevant documentation allowing the shipment to clear Customs.