

CALCULATING COSTS

A costing sheet based on the items that are relevant to the transaction will allow a firm to determine its cost per unit. Use a checklist to list the typical charges that might be involved in shipping goods from Canada to Mexico. Research will be required to determine specific rates, but if hard numbers are unavailable, approximations should be used.

A COSTING CHECKLIST

Step in Export Process	Possible Cost Item
Manufacturing	<ul style="list-style-type: none"><input type="checkbox"/> Research and development<input type="checkbox"/> Materials<input type="checkbox"/> Components<input type="checkbox"/> Labour<input type="checkbox"/> Product or process modification to suit Mexican market<input type="checkbox"/> Plant overhead<input type="checkbox"/> Administration of export venture
Selling	<ul style="list-style-type: none"><input type="checkbox"/> Market research (may involve credit check on foreign buyers)<input type="checkbox"/> Communications (telephone, fax, courier)<input type="checkbox"/> Travel and accommodation<input type="checkbox"/> Events (trade fairs, missions)<input type="checkbox"/> Preparation of marketing materials<input type="checkbox"/> Translation to Spanish<input type="checkbox"/> Advertising<input type="checkbox"/> Negotiations<input type="checkbox"/> Legal and other fees<input type="checkbox"/> Foreign agents' commissions
Arranging terms	<ul style="list-style-type: none"><input type="checkbox"/> Costs of drawing up letters of credit (L/Cs)<input type="checkbox"/> Preparation of financing presentation<input type="checkbox"/> Financing charges<input type="checkbox"/> Export insurance
Preparing a shipment	<ul style="list-style-type: none"><input type="checkbox"/> Labelling (in Spanish)<input type="checkbox"/> Packaging for Mexican market<input type="checkbox"/> Packing and crating<input type="checkbox"/> Marking crate contents<input type="checkbox"/> Strapping<input type="checkbox"/> Preparation of documentation such as invoices, bills of lading (B/Ls), certificate of origin, inspection certificates and insurance forms etc.<input type="checkbox"/> Cargo insurance<input type="checkbox"/> Freight forwarders' fees.

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