

An export pricing sheet

How to work out export prices ¹

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 prices. Export quotations should therefore be kept as low as possible commensurate with a reasonable profit – and certainly a profit no higher than on domestic sales. Manufacturers who want eventually to make volume foreign sales should bear in mind that these will result from good quality offered at a fair price and should keep their profit to a minimum.

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 in the External Affairs publication *Export Guide – A Practical Approach* (see Appendix E for contact point).

EXPORT PRICING WORKSHEET (C.I.F.)

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 quoted: 1 000
 Gross weight: 64 kg
 Cubic measure: 140m³

Item	Cost (Can.\$)
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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. Longload 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
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Insurance

19. Marine insurance (add 10% to total of cost and freight)	13 717	
Approximate premium	+ 137	
Amount to be insured	<u>13 854</u>	
20. Type of insurance: All risks: Rate: 1%; Premium: 138.54		139

Grand total (C.I.F.)	12 609
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Convert Canadian \$ to export market currency	104 203 zks
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