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INTEGRATION BETWEEN DIGITAL STRATEGY AND TRADITIONAL EXPORT/IMPORT STRATEGY

“THE VALLEY IS THE HUB WHERE KNOWLEDGE BECOMES THE DRIVER THAT TRANSFORMS”

11. INTEGRATION BETWEEN DIGITAL STRATEGY AND TRADITIONAL EXPORT/IMPORT STRATEGY

- Integration with traditional export / import strategy
- International trade basics
- International contracting: key aspects and techniques of international negotiation.
- International trade logistics
- Incoterms 2020: why are they necessary?
- Means of Payment and International Trade Financing
- Insurance of International Trade operations:
- Credit and surety insurance: what they are and what they are for.
- Customs regulations: basic principles and key concepts.
- Some real examples

INTERNATIONAL CONTRACTING: KEY ASPECTS AND INTERNATIONAL NEGOTIATION TECHNIQUES.



Contracts serve to establish the rules of the game and minimize business risks.

These risks may be related to transportation, credit or non-payment, quality of goods, exchange rates, unforeseen circumstances (force majeure), as well as legal, cultural and linguistic aspects.



A bilateral business whose effect consists of creating, modifying or extinguishing an economic legal relationship (onerous) and which constitutes an act of enterprise, with a foreign element being present as one of the parties or at the place of signature.



It is the result of the will of two or more persons to bind themselves with respect to another/other to provide a service or deliver a product.

Bilateral (reciprocal obligations) vs Unilateral

Free vs Onerous

Commutative (benefits without risk of loss or gain) vs Random

Consensual (buying in a store) vs Formal and/or Solemn (mortgage) and Real (deposits).

Single vs Successive (supply, lease).

Forced (bond in a public concession) vs Standard (lease)

Pre-contract (the parties undertake to enter into a new contract in the future).

Option (type of pre-contract that gives the right to buy/sell. One party gives the other party the right to decide the effectiveness of the contract).

General terms and conditions (GTC) (they look like contracts but are not, they are much more dangerous because one party drafts them unilaterally).

Adhesion (contracts whose conditions are non-negotiable, you adhere or not).

CONSENT:

autonomy of the will, conscious declaration of the obligation to comply with what is agreed in the contract. For consent to be valid, the parties must have the capacity to act and the will must not be vitiated.

OBJECT:

conduct consisting of performance: to give, to do or not to do. It must be lawful, possible and determined or determinable.

CAUSE:

empirical purpose pursued by the parties when entering into the contract, not all legal systems recognize it.

It constitutes a business act: an act performed by the entrepreneur with the purpose of serving or carrying out the specific purpose of the business he/she is exercising.

Commercial contracts are governed by:

- Autonomy of the will: consent
- The Commercial Code and special commercial laws.
- Usages of commerce: customs recognized by merchants.
- General principles of law.
- Civil Code

CONTRATO DE COMISION MERCANTIL

Conste por el presente documento, el contrato de Intermediación Mercantil que al amparo del Código de Comercio suscriben, de una parte como comitente, la empresa _____ con R.U.C. Nº _____, con domicilio en _____, debidamente representada por su Gerente General, _____, con D.N.I. _____, según facultades que corren inscritas en la Partida Electrónica Nº _____ del Registro de Personas Jurídicas de la Oficina Registral de Lima y Callao, a quien en adelante se denominará **LA COMITENTE** y de la otra parte _____ con R.U.C. Nº _____ y D.N.I. Nº _____ con domicilio en _____, a quien en adelante se le llamará **EL COMISIONISTA**, en los términos y condiciones siguientes:

PRIMERO

LA COMITENTE es una empresa dedicada a la importación y venta de _____.

SEGUNDO

EL COMISIONISTA es una persona natural que se dedica a la intermediación en la colocación de productos que constituyen la línea de comercialización de **LA COMITENTE**.

TERCERO

Por el presente documento **EL COMISIONISTA** y **LA COMITENTE** convienen en celebrar un contrato de comisión mercantil en virtud del cual **EL COMISIONISTA** brindará sus servicios de intermediación mercantil a **LA COMITENTE**, por un periodo anual que se inicia el _____ y concluye el _____, pudiendo ser renovado según lo acuerden expresamente las partes.

CUARTO

EL COMISIONISTA se obliga en virtud del presente contrato a:

- Ofrecer y consolidar ventas por cuenta de **LA COMITENTE** de los productos que constituyen la línea de comercialización de esta última, observando rigurosamente la zona territorial que le ha sido asignada.
- Asumir a título personal cualquier responsabilidad por suministrar información que no corresponde con las políticas de venta de **LA COMITENTE**.
- No ofrecer derechos o beneficios que **LA COMITENTE** no contempla.
- Responder frente a **LA COMITENTE** por la veracidad de la documentación que presente.
- Las demás que están establecidas en las normativas internas de **LA COMITENTE**, que le sean formalmente comunicadas.

QUINTO

LA COMITENTE en virtud del presente contrato se obliga a:

- Permitir que **EL COMISIONISTA** ofrezca a sus clientes, los productos que constituyen su línea de comercialización.
- Otorgarle una comisión a **EL COMISIONISTA** de acuerdo con la escala de comisiones vigente. Queda claramente establecido que las comisiones serán otorgadas sobre las ventas efectivamente realizadas por **EL COMISIONISTA**.

THE COMMERCIAL CONTRACT: INTERNATIONAL COMMERCIAL CONTRACTING



There is no legal definition of an international commercial contract, so it is summarized with the above concept plus a foreign element, either the place of conclusion of the contract, the domicile of one of the parties, the place of performance or the applicable law and competent courts.



It arises as a consequence of the need for internationalization of commercial law.

Always, the first source of obligations will be what the parties agree in the contract. The parties must establish in the contract the law that governs the aspects not contractually agreed (applicable law), which will be used in case of conflict.



If this is not the case, the legal systems of the States to which they belong determine it on their own by means of conflict rules:

- Common national law of the parties.
- Common habitual residence.
- Law of the place of conclusion of the contract.

In Spain, the conflict rules have been displaced by the Rome I Regulation and are inapplicable except in international contracts excluded in the Rome I Regulation itself or in case of inter-regional conflicts.



The EU (except for the case of Denmark) establishes from the end of 2019, the Rome I Regulation as the regulation governing the law applicable to contractual relations.



It is a European Regulation of universal application. It is sufficient that one of the parties is from the EU for it to apply. If this is the case and we are dealing with one of the 8 types of contract that the Regulation regulates, the law indicated therein applies.

Thus, the applicable law shall be:

1. The law designated in the contract by the parties.
2. If it has not been chosen, it will be necessary to check if the contract belongs to one of the 8 where the Rome I Regulation designates the applicable law.
3. If it is not one of those 8, or it is a combination, the applicable law will be that of the country of habitual residence of the person who performs the characteristic performance of the contract, as well as the lex mercatoria.
4. If it is not possible to determine the characteristic performance of the contract (e.g. in collaborations), it will be the law of the country with the closest links (i.e. the one that appears most in the contract).



Regardless of the rules of conflict, the States have signed International Conventions:

Rules directly applicable in the territories of the signatory states equal for both legal systems. Thus, when the Sovereign States ratify these agreements, they are bound to the consent of the same, becoming part of the internal order.



- **Vienna (or United Nations) Convention:** on contracts for the international sale of goods, signed in Vienna on April 11, 1980.
- **New York Convention:** Convention on the Recognition and Enforcement of Foreign Arbitral Awards, signed June 10, 1958.
- **Geneva Convention:** European Convention on International Commercial Arbitration. Geneva, 21 April 1961.



The **lex mercatoria** is the set of international usages and customs, widely known and regularly observed in the commercial traffic in question. They are not immediate law, as are the aforementioned regulations.



BODIES THAT MAKE UP THE LEX MERCATORIA:

- ❖ **UNIDROIT Principles:** these are the general principles of contracting unified by the International Institute for the Unification of Private Law.
- ❖ **International usages and customs:** commercial habits of repeated use, they are a source of law with supplementary character of the written rule, unless otherwise agreed, they are considered tacitly accepted. Examples: Incoterms, Uniform Rules (U.S.R.) elaborated by the ICC to regulate collections, documentary credits and contractual guarantees.

If none of the above events are binding (contract, applicable law, lex mercatoria), recourse may be had to standard contracts and the general terms and conditions of business common in the industry.



- ☐ **Avoiding disputes:** This is the best option, there are two solutions: through negotiation, where the parties themselves reach an out-of-court agreement, or through mediation, where there is a negotiation assisted by a third party.

- ☐ **Dispute resolution:** again two solutions: arbitration, where an arbitrator (private judge) resolves the dispute; and court proceedings, where the dispute is resolved by a judge.

INTERNATIONAL CONVENTIONS: DISPUTES THROUGH THE COURTS. COMPETENT COURTS.



The competent **judges or courts** shall be:

1. Those indicated by the parties (express submission).
2. Tacit submission (by appearing before a judge even if it is not the designated one).
3. Those of the country of the defendant's domicile.



If both companies are domiciled in the EU and/or are defendants within the EU, the Brussels I bis Regulation will apply..

If the parties are domiciled in EFTA (European Free Trade Association), i.e. European countries + Iceland, Norway, Switzerland and Lichtenstein, instead of Brussels I bis we will apply the Lugano II Convention.

ADVANTAGES OF ARBITRATION OVER THE JUDICIAL PROCESS:

- Speed
- Confidentiality
- Specialization
- Ease of enforcement



Arbitration is protected by the New York Convention, which establishes that arbitral awards are valid in any country in the world.

CHARACTERISTICS:

It follows the principle of formal freedom, only an evidentiary element on the existence of the contract and its content is needed.

The offer is binding on the seller when it is received by the buyer (principle of receipt).

The offer is binding on the buyer when the seller receives the acceptance (principle of acceptance).

CONTRATO DE COMPRAVENTA INTERNACIONAL

Este contrato de COMPRAVENTA se celebra por una parte la empresa (1) representada en este acto por (2) y por la otra la empresa (3) representada por (4) a quienes en lo sucesivo se les denominará "El vendedor" y "El comprador" respectivamente de acuerdo con las siguientes declaraciones y cláusulas:

DECLARACIONES

DECLARA "EL VENDEDOR"

I. Que es una sociedad legalmente constituida de conformidad con las leyes de la República de..... (5) según consta en la escritura (6).....

II. Que dentro del objeto social se encuentran entre otras actividades, la fabricación, comercialización, importación y exportaciones de (7).

III. Que cuenta con la capacidad, conocimientos, experiencia y personal adecuado para realizar las actividades a que se refiere la declaración que antecede.

IV. Que el señor (8)... es su legítimo representante y en consecuencia se encuentra debidamente facultado para suscribir el presente instrumento y obligar a su representada en los términos del mismo.

V. Que tiene su domicilio en (9)... mismo que señala para todos los efectos legales a que haya lugar.

DECLARA EL COMPRADOR:

I. Que es una empresa constituida de acuerdo con las leyes de la República de (10).... según consta en la escritura (6)....., y que se dedica entre otras actividades a la comercialización e importación de los productos a que refiere la declaración II de "El vendedor"



SELLER OBLIGATIONS	BUYER OBLIGATIONS
<ul style="list-style-type: none"> • Delivery of the goods. • Delivery of the necessary documents for the product to make the trip. • Transfer of ownership 	<ul style="list-style-type: none"> • Pay the price. • Receive the goods. • To denounce the non-conformity of the goods.

TERMINATION OF THE CONTRACT.

The parties may terminate the contract when:

- ❑ Non-performance is fundamental or there is sufficient reason to believe that fundamental non-performance will occur.
- ❑ Failure to deliver the goods or to pay the price.
- ❑ The other party declares that it will not deliver.



JOINT VENTURE:

An indeterminate legal concept whereby two companies join together for a common purpose.

Example of a strategic business alliance



Example of strategic alliance between competitors



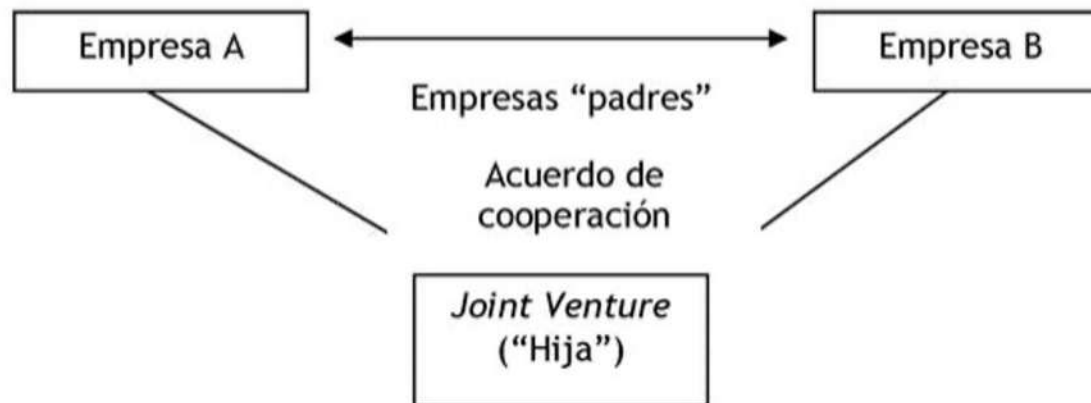
Example of a strategic alliance between brands



THE JOINT VENTURE: STAGES OF INCORPORATION.

- F1: Preliminary protocol
- F2: Deed of incorporation and operation of the joint venture.
- F3: Satellite or commercial agreements

FIGURA. CONSTITUCIÓN DE LA EMPRESA CONJUNTA



JOINT VENTURES IN THE EUROPEAN UNION: THE EUROPEAN ECONOMIC INTEREST GROUPING OR EEIE.

- Created by the European Regulation CEE 2137/1985.
- It allows companies established in different Member States (hereinafter EE.MM) to develop some joint activities without the need for merger or common subsidiaries.

TYPES:

- Technical: pooling R&D efforts.
- Commercial: joint sales.
- Development: internationalization of the activity.
- Coordination: representation of common interests before political authorities.
- Organizational: exchange of information or creation of data banks.
- Financial: economies of scale, reduction of advertising or representation costs.
- Legal: transnational instrument, legally neutral with respect to independent parties.

THE EUROPEAN COMPANY:

Allows the union/merger of European companies created in different EE.MM to form a common corporate group or subsidiary, avoiding the legal and practical limitations of the different legal systems that exist in the EU.

• CHARACTERISTICS:

- Pursues profit for its own sake.
- Minimum share capital: 120,000 euros
- Registered office: place where the central administration is located.
- Registration published in the OJEU.
- Registration in the country of registration.
- Bodies: Shareholders' meetings with two possible management systems: dualist (management body + supervisory body) or monist (administrative body).
- Employee participation in company bodies.

THE EUROPEAN COMPANY:

Allows the union/merger of European companies created in different EE.MM to form a common corporate group or subsidiary, avoiding the legal and practical limitations of the different legal systems that exist in the EU.

- **CONSTITUTION:**

- By merger of joint stock companies from different EU countries.
- By creation of a holding company, which is open to S.A.'s and S.L.'s established in the European Economic Community as long as it complies with: a) having registered offices in different Member States, b) having subsidiaries and branches in different countries.
- By creation of a common subsidiary: the incorporation in the form of a common subsidiary is open to any public or private law entity in accordance with the same criteria already mentioned.
- By transformation of a public limited company under national law, if it has had a subsidiary in another member state for two years.



- Supply chains are an indispensable requirement to satisfy our basic needs.
- A solid supply chain management or Supply Chain Management is a key point for the management of threats and opportunities presented by the internationalization paradigm.
- According to the Council of Supply Chain Management Professionals (CSCMP), supply chain is understood as:

The different links that follow one another from unprocessed raw materials to finished products that reach the end consumer.



The processes or links in the supply chain are described in the following table:

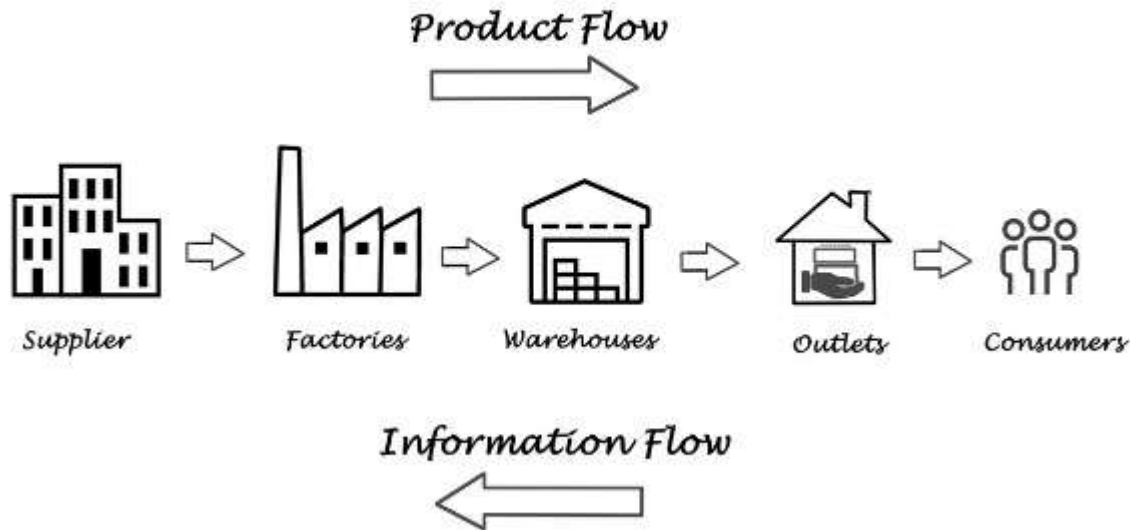
PROCESS	DESCRIPTION
Planning	Develop integrated and effective short- and long-term strategies, such as supply chain network design or customer demand forecasting.
Procurement	Purchase of raw materials, components and goods required through the corresponding supplier analysis.
Production	Manufacture of finished products, or assembly of materials into parts for the completion of other products so that key materials are available when needed.
Distribution	Movement, that which manages the logistical flow of goods along the supply chain. Transportation companies, specialized logistics companies and others ensure that goods flow quickly and safely to the point where they are needed.
Relationship or connection with the customer	Planning and satisfaction of customer needs, perfect fulfillment of orders, among other aspects.

Logistics works strategically in the acquisition, movement, storage of products and inventory control, as well as all the associated information flow, through which the organization and its distribution channel are channeled in such a way that the present and future profitability of the company is maximized in terms of **cost and effectiveness**.



Logistics is broken down into the logistics chain and the logistics network, the components of which are listed in the following table:

KEY CONCEPT	COMPONENTS
Logistics chain	Procurement of raw materials Storage and handling Distribution
Logistics network	Suppliers Production centers Warehouses or platforms Customers



MASTER LINE	SCOPE OF COVERAGE
Demand forecasting	To know the volumes of product requested by the market in order to adapt the company's capacities to the needs.
The production system	Consider material requirements ("Material Requirement Planning" or MRP system), ECR ("Efficient Consumer Response"), or the classification of items according to their importance to the company.
Location and sizing of production centers and warehouses	Search for balance between proximity to supply areas and markets.
The organization of supplies	Selection of suppliers and their diversification, both in terms of volume requested and geographical location, in order to optimize prices and reduce risks.

MASTER LINE	SCOPE OF COVERAGE
Warehousing of raw materials, components and finished products	Coordinate and manage over time customer demand with the production system and production needs, as well as with the ability of suppliers to deliver materials on time. The objectives are: To reduce stock levels to the minimum possible and to ensure the supply of product (raw material, product in process or finished product) at the right time, to the production area or to the customer. In short, it must avoid stock-outs.
Order control and inventory management	Balance between profitability and efficiency criteria, between the availability of materials and the financial cost of keeping them in stock. "Just-in-Time: Japanese materials management philosophy that strives to eliminate costs by producing the right part in the right place at the right time.
Handling of materials	Handling and movement of materials within the company, both during the production process and in the organization of shipments.
The organization of transport	Choice of means of transport based on product characteristics, dimensional constraints and vehicle usage. Scheduling of transports by optimizing routes and volumes to be transported.

MASTER LINE	SCOPE OF COVERAGE
The flow of information	Information is what keeps the logistics flow open. Information technologies seem to be the most important factor for logistic growth and development, where an order system is the link between the company, suppliers and customers. The use of EDI ("Electronic Data Interchange") systems for the electronic transmission of data between computers is one of the major advances in this field. It consists of sending and receiving documents by telematic means in order to enable their automatic processing. The aim of this system is that the sender and receiver of a given commercial document can be the respective central computers directly, thus saving time and avoiding errors.
Equipment maintenance	Systems logistics studies complex systems such as production equipment in a factory, a fleet of ships or aircraft made up of a large number of components, the failure of which can cause serious disruptions in terms of their reliability guarantees or probability of functioning properly, maintenance of the equipment in proper working order and adaptation of the equipment to the requirements of the market.

LOGISTICS ASSETS:

Those areas specially conceived for the development of activities related to logistics, transport and distribution of goods in national and international traffic.

They receive diverse denominations, such as ZAL (Logistics Activities Zone), CT (Transportation Centers), HUB 'S, etc. This concept is extensive to all means of transport.



LOGISTICS OPERATORS:

Type of company dedicated to the provision of logistics services (procurement, production and distribution activities.) It offers a very wide range of services, from physical distribution, warehousing, stock management, to invoicing or merchandising.

The main advantages are: economy of investments, cost transfer, professionalization of the service and flexibility of resources.



REVERSE LOGISTICS:

The process of designing, implementing and controlling a flow of raw materials, in-process inventory, finished goods and related information from the point of consumption to the point of origin, in an efficient and most economical manner, with the purpose of recovering its value or that of the return itself.

Reverse logistics is responsible for the recovery and recycling of containers, packaging and hazardous waste; as well as for the return processes of excess inventory, customer returns, obsolete products and seasonal inventories. It even anticipates the end of life of the product, in order to sell it in markets with higher turnover.



ELECTRONIC COMMERCE:

According to the World Trade Organization (WTO), it is "the production, distribution, marketing, sale and delivery of goods and services by electronic means."

Depending on the technological environment in which the commercial activity takes place:

- Open e-commerce: transactions are conducted on open means of communication (Internet).
- Closed electronic commerce: transactions are carried out in restricted media, to which access is only possible by agreement and authorization.



These are international standards that regulate commercial terms in international trade transactions. Their purpose is to determine the transfer of risks of each party, as well as to distribute the costs of an operation.

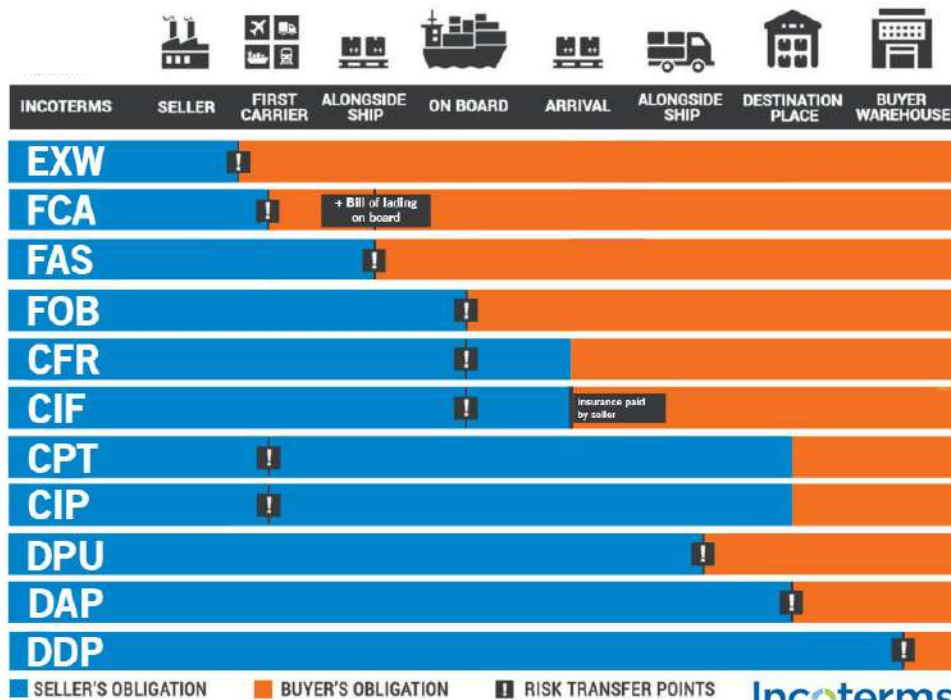
WHAT DO THEY REGULATE?	WHAT DO THEY NOT REGULATE?
Delivery of the goods	Payment and its modalities
Transmission of risks	Ownership of the goods
Cost distribution	Applicable law for matters not covered by the Incoterms
Documentary procedures	

INCOTERMS 2020: COMMON ASPECTS



AGROSMARTglobal
 INTERREG SUDOE
 SOE3/P2/E0897
 MOOC Agrosmart Global

e-commerce news

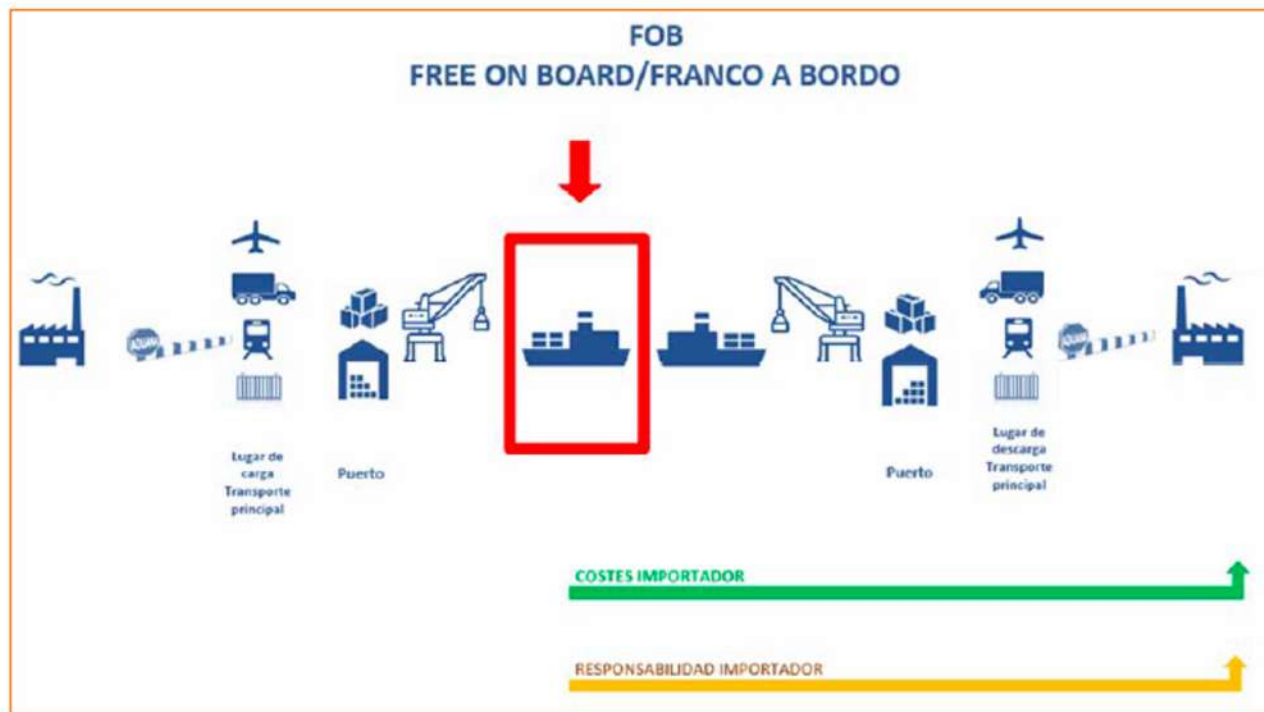


Incoterms
 2020 by the International
 Chamber of Commerce (ICC)

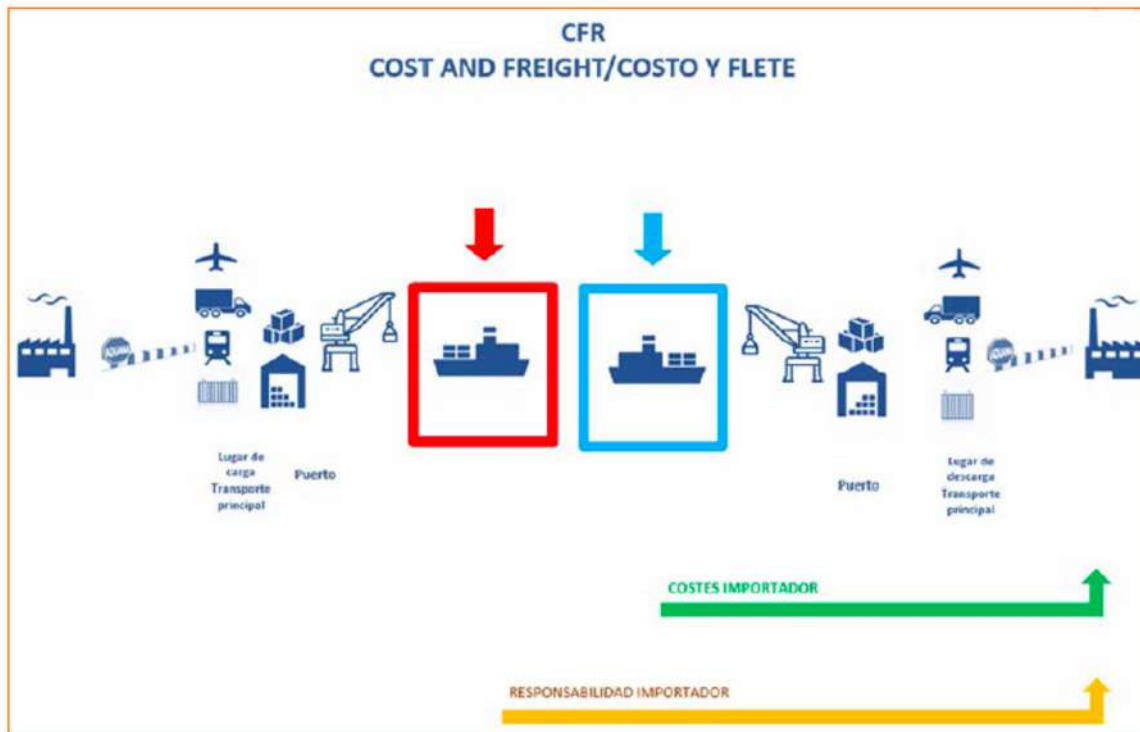
“FAS” / “Free alongside ship” / “Franco al costado del buque”:



“FOB” / “Free on board” / “Franco a bordo”:



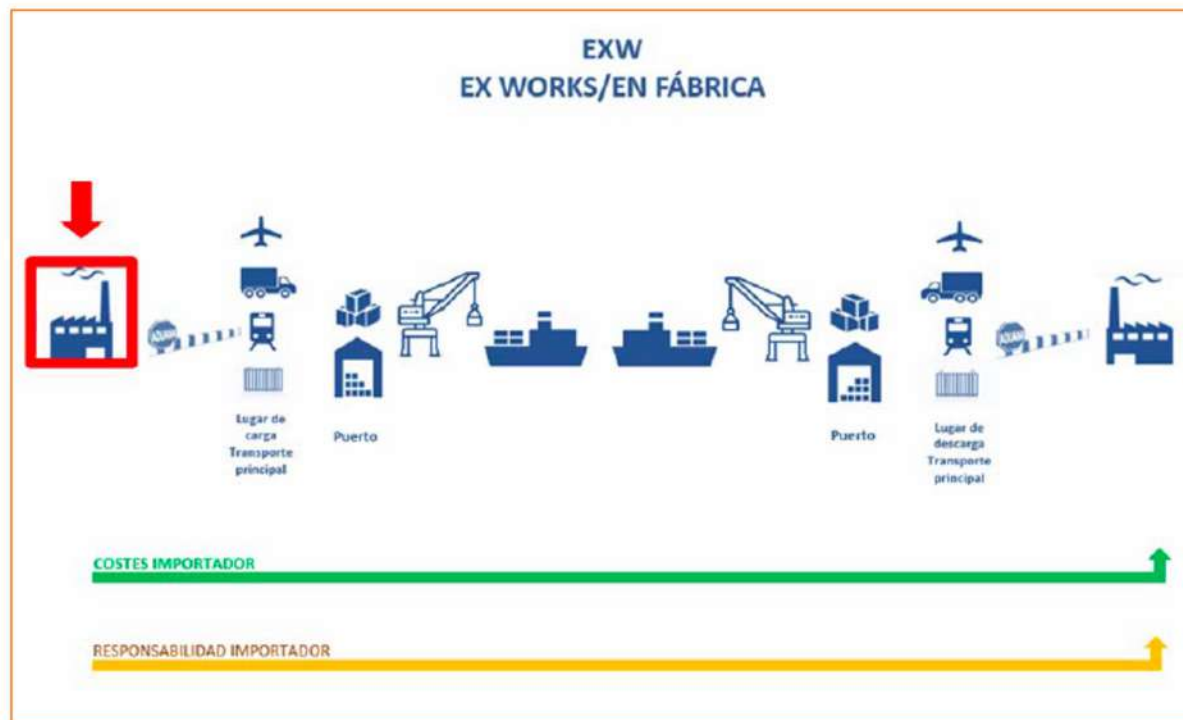
“CFR” / “Cost and freight” / “Coste y flete”:



INCOTERMS 2020 - MULTI-PURPOSE INCOTERMS: EXW, FCA, CPT, CIP, DAP, DAT, DDP



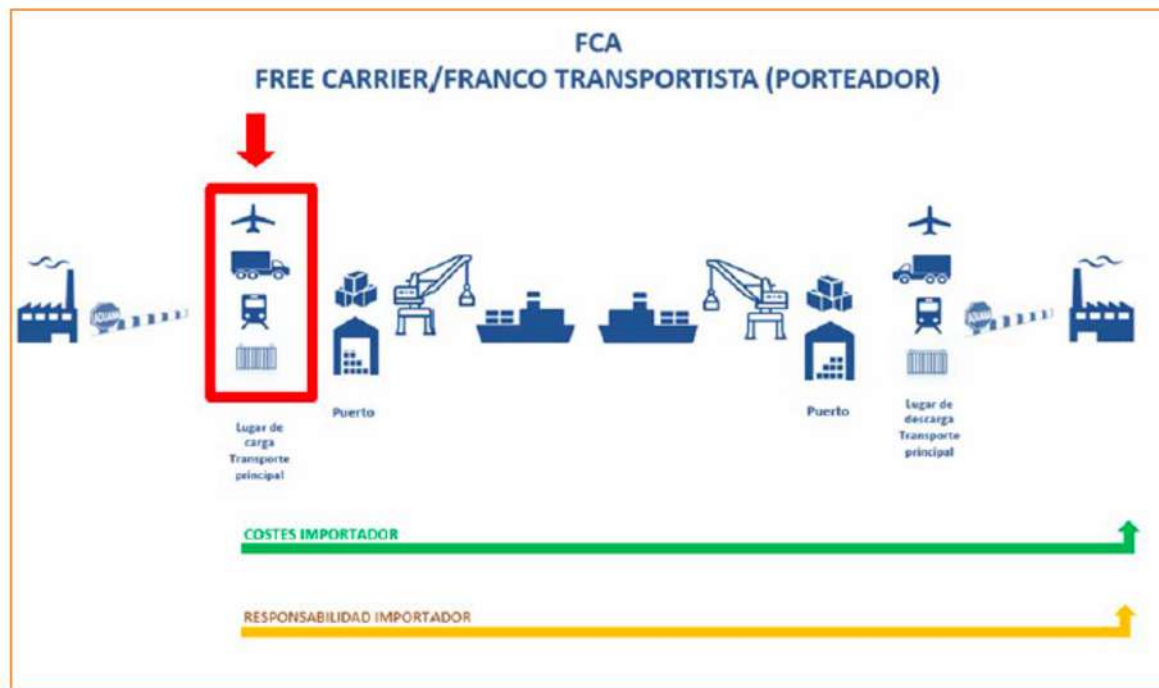
“EXW” / “Ex - works” “Franco fábrica”:



INCOTERMS 2020 - MULTI-PURPOSE INCOTERMS: EXW, FCA, CPT, CIP, DAP, DAT, DDP



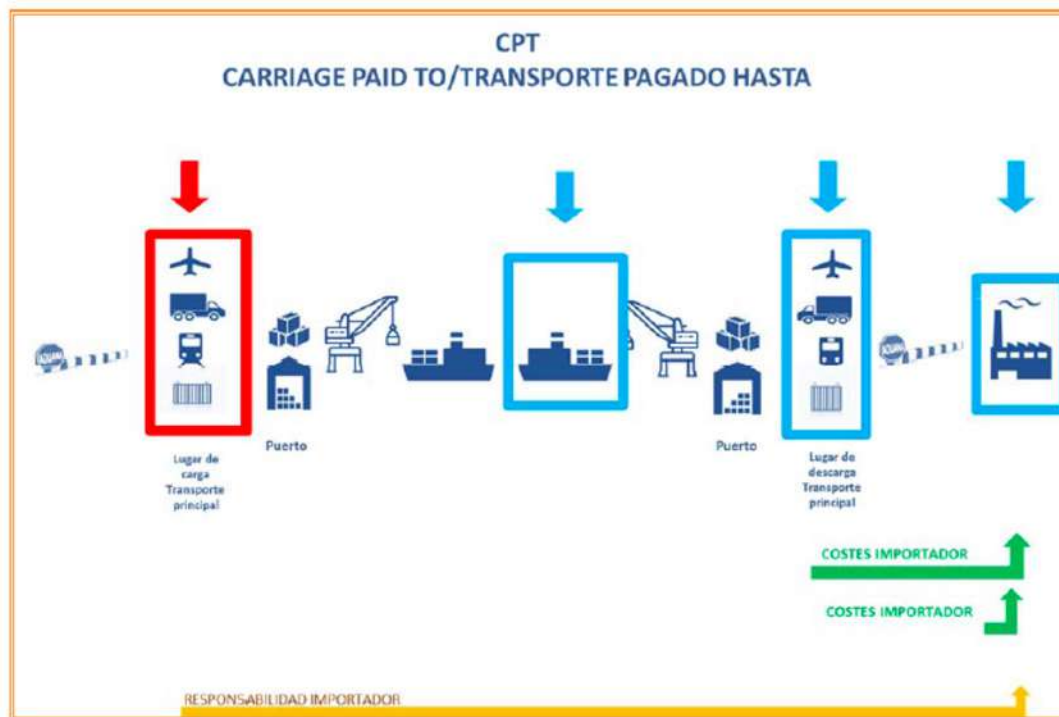
“FCA” / “Free carrier” / “Franco transportista”:



INCOTERMS 2020 - MULTI-PURPOSE INCOTERMS: EXW, FCA, CPT, CIP, DAP, DAT, DDP



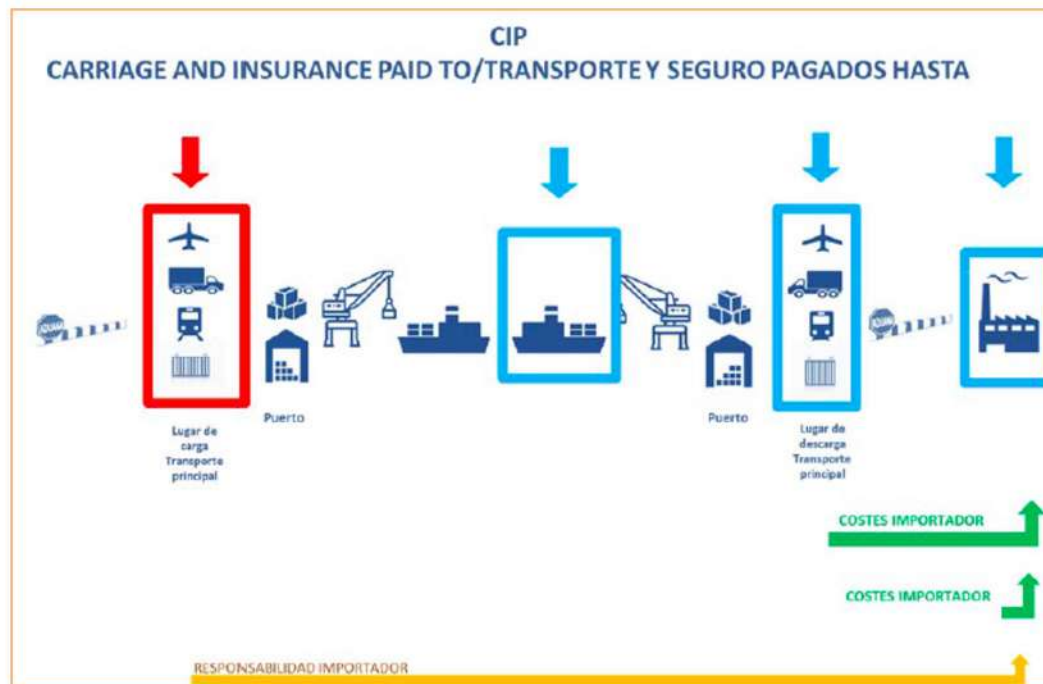
“CPT” / “Carriage paid to” / “Transporte pagado hasta”:



INCOTERMS 2020 - MULTI-PURPOSE INCOTERMS: EXW, FCA, CPT, CIP, DAP, DAT, DDP



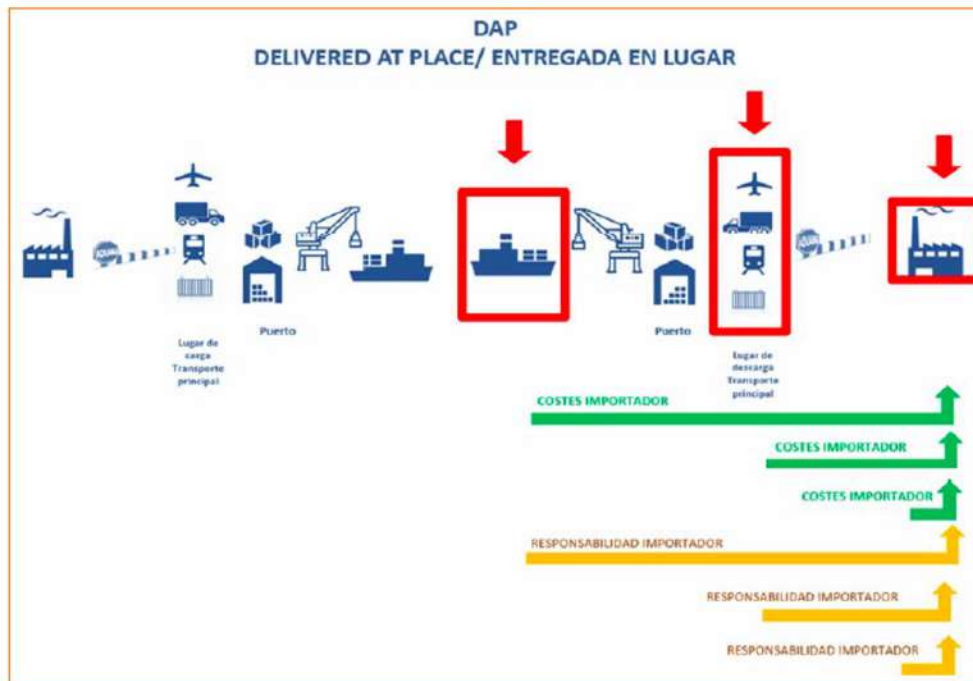
“CIP” / “Carriage, insurance paid” / “Transporte y seguro pagado hasta”:



INCOTERMS 2020 - MULTI-PURPOSE INCOTERMS: EXW, FCA, CPT, CIP, DAP, DAT, DDP



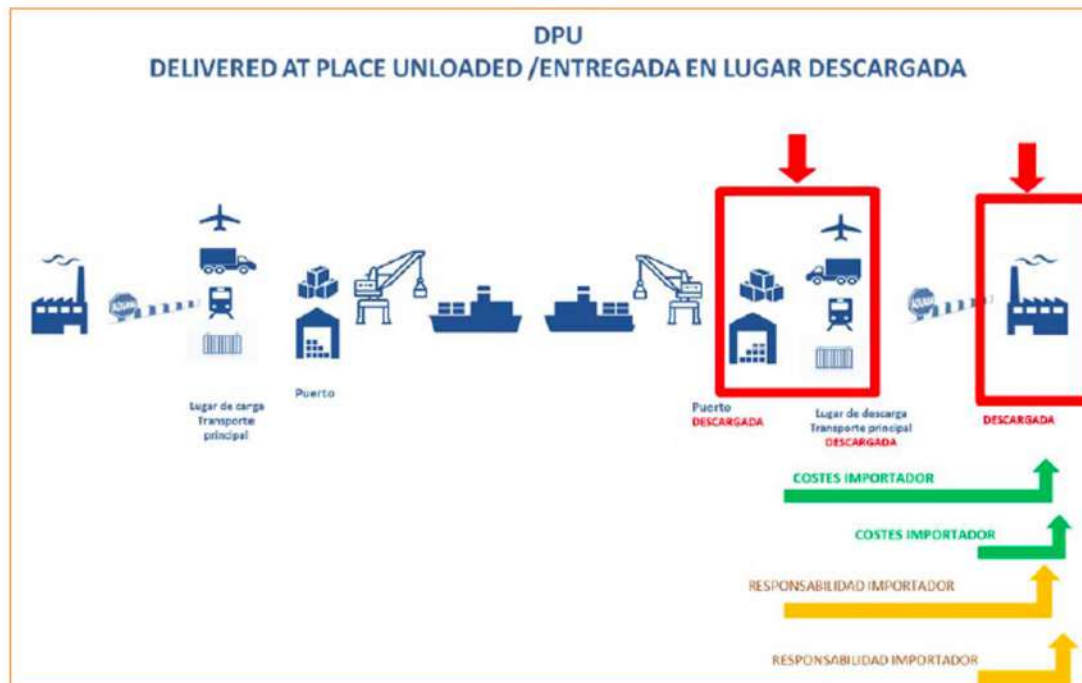
“DAP” / “Delivered at place” / “Entregado en un lugar”:



INCOTERMS 2020 - MULTI-PURPOSE INCOTERMS: EXW, FCA, CPT, CIP, DAP, DAT, DDP



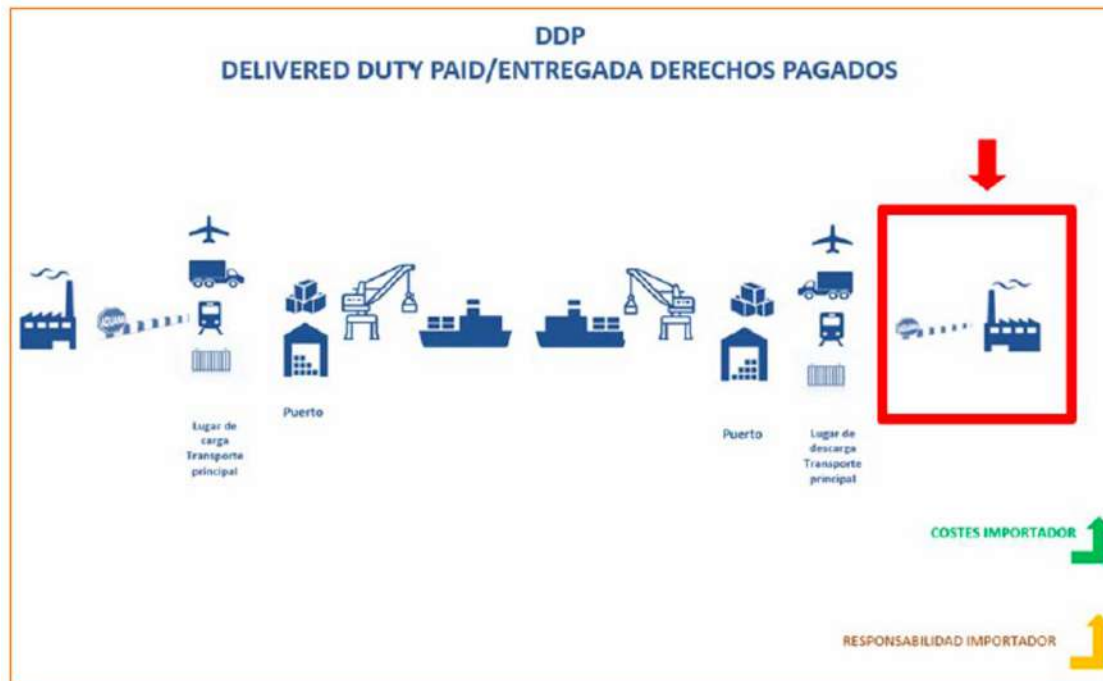
“DPU” / “Delivered at place unloaded” / “Entregado en lugar descargada”:



INCOTERMS 2020 - MULTI-PURPOSE INCOTERMS: EXW, FCA, CPT, CIP, DAP, DAT, DDP



“DDP” / “Delivered duties paid” / “Entregada derechos pagados”:



INCOTERMS 2020 - SUMMARY



Incoterms
2020 *remigipalmés*

Incoterms® 2020 ICC – REGLAS PARA CUALQUIER MODO O MODOS DE TRANSPORTE														
EXW Ex works. En fábrica.	Costo													
	Riesgo													
FCA Free carrier. Fianco porteador.	Costo													
	Riesgo													
CPT Carriage paid to. Transporte pagado hasta.	Costo													
	Riesgo													
CIP Carriage and insurance paid to. Transporte y seguro pagados hasta.	Costo													
	Riesgo													
DAP Delivered at place. Entrega en lugar.	Costo													
	Riesgo													
DDU Delivered at place untaxed. Entrega en lugar descargado.	Costo													
	Riesgo													
DDP Delivered duty paid untaxed. Entrega pagada, derechos pagados.	Costo													
	Riesgo													
Incoterms® 2020 ICC – REGLAS PARA TRANSPORTE MARÍTIMO Y VÍAS NAVEGABLES INTERIORES														
FAS Free alongside ship. Fianco al costado del buque.	Costo													
	Riesgo													
FOB Free on board. Fianco a bordo.	Costo													
	Riesgo													
CFR Cost and freight. Coste y flete.	Costo													
	Riesgo													
CIF Cost, insurance and freight. Coste, seguro y flete.	Costo													
	Riesgo													
Vendedor		Comprador		El vendedor debe proporcionar la documentación necesaria para las aduanas de exportación e importación a pedido, riesgo y a expensas del demandante.		Desembarco del lugar de entrega pactado		Obligatorio ICC – Obligatorio ICC – O						

■ Vendedor

■ Comprador

■ El vendedor debe proporcionar la documentación necesaria para las aduanas de exportación e importación a petición, riesgo y a expensas del demandante.

■ Dependencia del lugar de entrega pactado

★ Obligatorio ICC-A
★ Obligatorio ICC-C



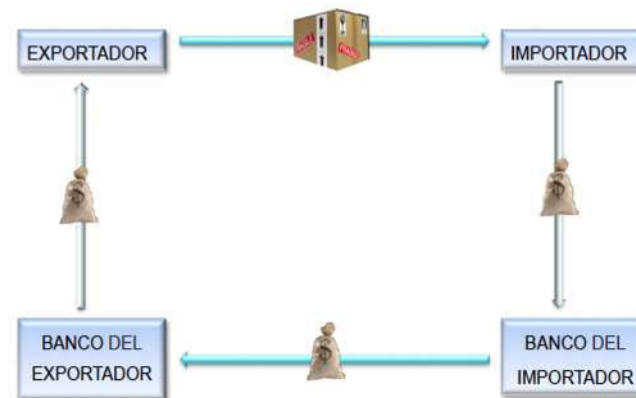
International business operation scheme

Commercial operations have 3 aspects:

Commercial aspect: movement of goods and services.

Financial aspect: movement of money

Documentary aspect: commercial/financial documents that regulate the transaction.



COLLECTION AND PAYMENT METHODS: CHOICE OF THE MEANS USED.



Some of the aspects that influence the choice of the means of collection/payment are:

- Amount of the transaction.
- Level of seller-buyer relationship.
- Payment term.
- Financial situation of the buyer, securities provided.
- Type of product being sold and sector.
- Cost of the means of collection/payment.
- Financial situation of the buyer's country.
- Legal security of the buyer's country.
- Geographical distance between the countries.
- Negotiation capacity of the parties.

Security
Cost
Agility

FINANCIAL DOCUMENTS:

They represent and/or make a payment or collection transaction enforceable. The most commonly used internationally are checks (bank and current account checks), bills of exchange, bills of collection and promissory notes.



Commercial documents: allow the buyer to legally incorporate the goods into its production or commercial process. The most common are:

By sea / river / lake: Bill of lading (B/L).
By road: Waybill (CMR).
By rail: Bill of lading (CIM).
By air: Air waybill (AWB).
Courier: Courier receipt.
Multimodal: Bill of Lading
Postal: Postal receipt or certificate of mailing.

Commercial documents: allow the buyer to legally incorporate the goods into its production or commercial process. The most common are:

INFORMATIVE/AUXILIARY	
Commercial invoice	Consular Invoice
List of contents	Customs Invoice
EUR	Storage slip
Certificate of origin	Sanitary/phytosanitary certificate
Inspection certificate	Weight certificate
Weight certificate	Others

They are divided into two main categories:

- **Simple (non-documentary) means of payment:** the commercial documents of the operation are sent directly from the exporter to the buyer, without going through the banks.
- **Documentary means of payment:** the commercial documents of the operation are sent through banks and delivery is usually conditional upon payment or acceptance of payment. In addition to commercial documents, they may incorporate financial documents.

SIMPLE OR NON-DOCUMENTARY	DOCUMENTS
Simple money order Bank check Personal check Simple remittance Direct debits in the EU	Documentary remittance Documentary credit

SIMPLE or NON DOCUMENTARY:

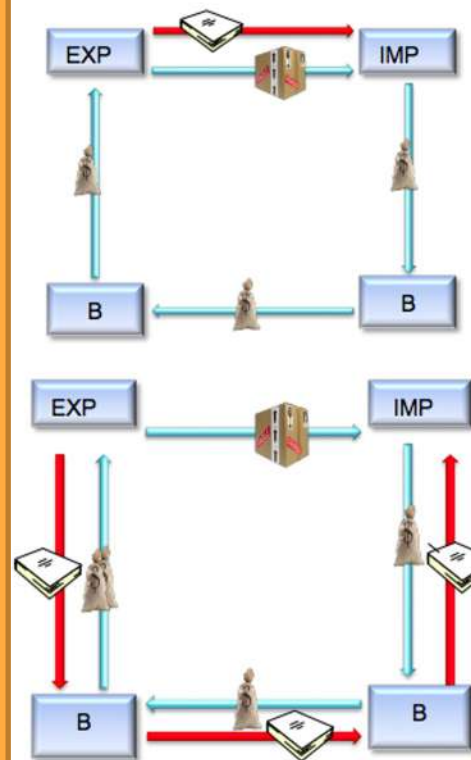
trade documents are sent directly from the exporter to the buyer.

- Bank check
- Simple payment order
- Current account check
- Simple remittance
- Direct debit in the EU

DOCUMENTARY PAYMENTS:

commercial documents are sent from the exporter to the buyer through banks.

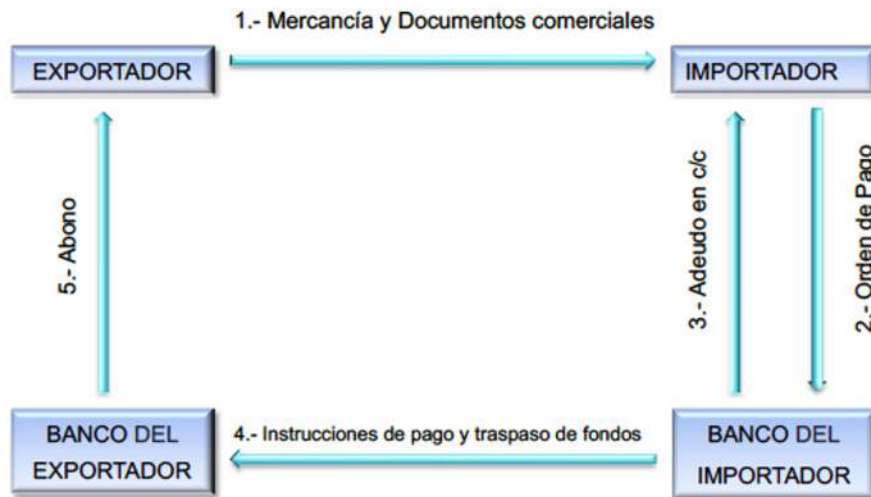
- Documentary remittance
- Documentary credit



SIMPLE PAYMENT ORDER

This is the most commonly used means of collection/payment in international trade. It is an unconditional payment order from the buyer to his bank to pay a third party (exporter) an amount of money taken from his funds. The beneficiary does not need to identify himself personally to receive the amount of the order.

payment order operation scheme



The banking costs will be paid by the originator (OUR scheme), the beneficiary (BEN scheme) or on a shared basis (SHA scheme) where the originator assumes the costs of his bank and the beneficiary assumes all other costs (of his bank and of the intermediary if any).

SIMPLE PAYMENT ORDER: ADVANTAGES AND DISADVANTAGES

☐ Exporter

Advantages

- Agility. Does not involve receiving/handling any documents.
- Low cost. Generally, the lowest of all means of collection.

• Disadvantages

- If you send goods in advance, you may not get paid.

☐ Buyer

Advantages

- Agility. No documents to be issued/sent.
- Low cost. Generally, the lowest of all collection methods.

-

• Disadvantages

- If you pay in advance, the goods may not be shipped to you.
- Does not allow you to enjoy the float, unlike a current account check

SIMPLE PAYMENT ORDER:

SWIFT message of a payment order example



```

EWP02C          MÓDULO DE COMUNICACIONES SWIFT/TELEX          07-05-19
EW02             LISTA DE CAMPOS POR MENSAJE                   n23262
BANCO:           0049 BANCO SANTANDER OFICINA:4780 MADRID, CANTABRIA,  X1
EMISOR:           0049 5494 CENTRAL EXTRANJERO
DESTINO:          BKTR US24 DEUTSCHE BANK TRUST COMPANY AMERICAS
MENSAJE:          MT103    SINGLE CUSTOMER CREDIT TRANSFE
FEC. ENVIO:       30-04-2019
    
```

CAMPO	CONTENIDO
108	7000000068521810
20	4780696001005217
23B	CRED
32A	190430USD8820,
33B	USD8820,
50K	/00494780887766554433
50K	BEAGLE IT SERVICES S.L.
50K	CALLE GRAN VIA 62
50K	28013 MADRID
50K	ES S B85858585
52A	BSCHESMMXXX
57A	BIMEXMMXXX
59	/CLABE021533445566778899
59	FRANCISCO LEÓN ZUBIKARAI GARCIA
59	
59	
70	FRA; E-01
71A	SHA

CROSS-BORDER PAYMENTS IN THE EUROPEAN UNION

In the European Economic Area there is a Single Euro Payments Area (SEPA) which provides the electronic and accounting support to make swift electronic payments in euros within the EU, as well as in the currency of one of the countries of the European Economic Area (Norway, Iceland and Liechtenstein). Fees and execution times for cross-border payments are regulated:

FEES:

Payments within the EU will have the same fees as equivalent domestic payments of the same amount in the same currency, and additional fees may be charged if the IBAN code is not provided. Transactions in euros or in another EU currency (provided there is no currency exchange) will be made in SHA regime. Otherwise, they are generally carried out by the bank under SHA regime (unless otherwise indicated).

TERMS:

Euro payment transactions within the EU (and a domestic payment in a currency of a non-Eurozone country) ordered on the day , must be on the next bank business day in the beneficiary's account. If the transfer is ordered on paper, the deadline is extended by one banking day. Banks may close a bank business day, for transfer purposes, before the office closing time.

CHECKS: CHECKING ACCOUNT CHECK.

Known as a check or personal check, it is a financial document with a payment mandate from a natural or legal person against the bank current account where the funds are held and in favor of a holder (beneficiary).

Parties involved:

- Drawer/issuer of the financial document: owner of the funds, buyer.
- Drawee against whom the financial document is issued: bank where the buyer's funds are deposited.
- Exporter's bank
- Holder: beneficiary, exporter.

Advantages and disadvantages

High risk operation for the exporter:

- If forwarding goods in advance, not receiving the check.
 - Possible shortage of funds, return of funds
 - Processing time
 - Less agility than payment order.
- Physical handling of document
- Unauthorized signatures
 - Cannot be used for international payments in some countries.

❑ Advantages/risks for the buyer:

- Advantages:
 - 'Float time
 - Ease of issuance
- Risk:
 - Loss, counterfeiting

CHECKS: CHECKING ACCOUNT CHECK.

ORDRE : _____ OBJET : _____
N° 0596001 DATE : _____ MONTANT : _____

20030602/20 10912 0596001075000066908 016110064401

C C **Crédit Industriel et Commercial**

Payer contre ce chèque
non endossable sauf au profit d'une banque ou d'un établissement assimilé

seize mille neuf cent quatre-vingt-deux
€
Gratias Rogas

Payable en France
CIC MONTPARNASSE ENTREPRISES
7 RUE ARMAND MOISANT
75015 PARIS
Tél 01-44-10-87-50

30000 10912 00010064401 11
SERVEDIT

99 RUE DE SEVRES
75006 PARIS

N° 0596001

€ 16908,62
A Paris
LE 15/1/2014
[Signature] (69)

⑈0596001 ⑈075000066908⑈ 016110064401⑈

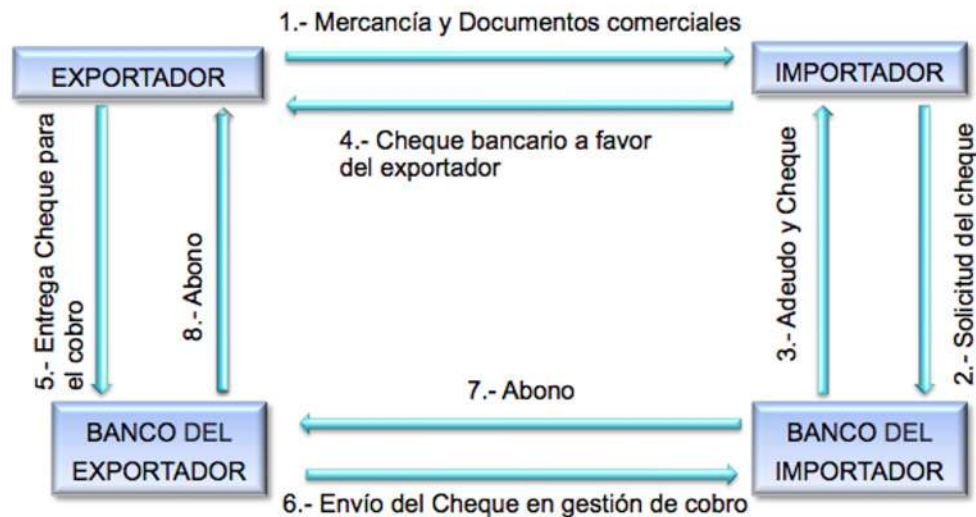
CHECKS: BANK CHECK.

A type of check issued by a bank and payable from its own funds.

Parties involved:

- Buyer: orders its issuance.
- Buyer's/importer's bank: issuing bank or drawer.
- Exporter's bank.
- Holder: beneficiary, it is the exporter.
- Eventually: correspondent bank of the issuing bank.

bank check operating scheme *in the same modena as the issuing bank



CHECKS: BANK CHECK.

Advantages and disadvantages

- ☐ Advantage for the exporter.

Security. Once received, you will generally have a high security of cashing.

- ☐ Risks/disadvantages for the exporter If you send the goods in advance, do not receive the check Less agility than the payment order. Physical handling of document Lack of funds (rare)

- ☐ Disadvantages for the buyer If paying in advance, not receiving the goods Does not allow him to enjoy the float, unlike the current account check.

REMITTANCES OR COLLECTIONS

They are regulated by the International Chamber of Commerce, through the Uniform Rules Relating to Collections.

The collection consists of the processing of documents by the banks according to the collection instructions given by the exporter, this processing is done with the objective of:

- Obtain payment and/or acceptance of the amount of the operation.
- Deliver the documents against payment and/or acceptance.
- Deliver the documents under other terms and conditions.

The documents to be sent through banks can be:

- Financial: bills of exchange, collection receipts, checks, promissory notes.
- Commercial: invoices, transport documents, transport insurance documents... (all those that are not financial).
- Both types at the same time.

REMITTANCES OR COLLECTIONS

Depending on the type of document accompanying the remittances, these may be:

Documentary remittances: banks process commercial documents accompanied or not by financial documents.

Simple remittances: banks only process financial documents.

REMITTANCE OR DOCUMENTARY COLLECTION

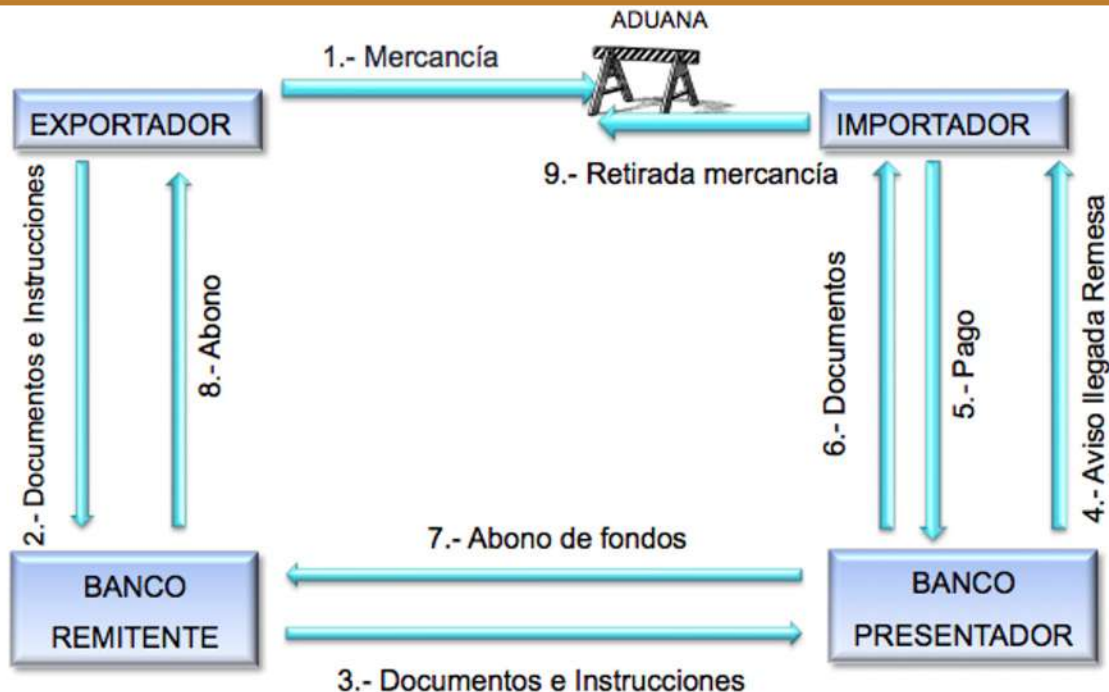
Parties involved:

- Assignor or drawer: the exporter.
- Exporter's bank: remitting bank.
- Buyer's/importer's bank: presenting bank.
- Drawer: the buyer
- Guarantor: in the case of remittance against acceptance.

Documentary remittance against payment - Cash Against Documents.

Also known as "cash against documents", it is often used in situations of average trust between the parties. This method offers the exporter more protection than simple means of collection, but does not provide complete security. Nor will the buyer have any assurance that the goods received are correct.

operating scheme of documentary remittance, against payment



REMITTANCE OR DOCUMENTARY COLLECTION: ADVANTAGES AND DISADVANTAGES

	ADVANTAGES	DISADVANTAGES
Exporter	Control of the merchandise until collection.	Buyer is late in payment or does not pay. Cost and complexity>simple collection means.
Buyer	Better than an advance payment or other more demanding means of payment. It may be the only option to make the sale.	Payment against delivery of documents, so there is a risk that the goods do not correspond to what was agreed. Cost and complexity> simple means of collection.

REMITTANCE OR DOCUMENTARY COLLECTION AGAINST PAYMENT: EXAMPLE

AMOUNT - USD \$ 79,200.00 DATE: February 10, 20XX

—CAD - FIRST PRESENTATION— OF THIS BILL OF EXCHANGE

PAY TO THE ORDER OF TERRA NOVA TRADING INC.

Seventy-Nine Thousand Two Hundred and 00/100 US DOLLARS

TO: IMPORTADORA DE ALMENDRAS, S.L.
JIJONA (ALICANTE)
SPAIN

TERRA NOVA TRADING INC.

AUTHORIZED SIGNATURE

NO: 18143 / 23600

DATE: February 8, 20XX

GENTLEMEN:

WE HAVE ENCLOSED DRAFT NO: 18143 / 23600 AND DOCUMENTS LISTED BELOW FOR COLLECTION:

Bills of Lading	Comm. Invoice	USDA Cert.	Fumigation Cert.	Lab Afato Cert.	Weight Cert.	Chambs. Cert.	Pallet Fum. Cert.	Phyto. Cert.	Salmon. Cert.
3/3	1	1	1	1	1	1	1	1	1

DELIVER DOCUMENTS AGAINST PAYMENT OF SIGHT DRAFT.
ALL CHARGES FOR ACCOUNT OF DRAWEE.
DO NOT WAIVE CHARGES AND DO NOT DELIVER DOCUMENTS UNLESS FULL PAYMENT IS MADE.
PROTEST FOR NON-PAYMENT.
PRESENT ON RECEIPT OF DOCUMENTS.
ADVISE NON-PAYMENT BY FAX GIVING REASONS.
ADVISE PAYMENT BY FAX.

PLEASE REFER ALL QUESTIONS CONCERNING THIS COLLECTION TO:
TERRA NOVA TRADING, INC. PHONE: 510-547-6151 FAX: 510-547-6155

INSTRUCTIONS: PLEASE REMIT FUNDS VIA WIRE TRANSFER TO BENEFICIARY'S BANK:

CITY NATIONAL BANK
555 South Flower Street, 24th Floor
Los Angeles, CA 90071
Attention: wire department
A/C: 450
FOR ACCOUNT OF TERRA NOVA TRADING, INC.
ROUTING No.: 122018088
SWIFT CODE: CINAUS8L

TERRA NOVA TRADING INC.

AUTHORIZED SIGNATURE

SUBJECT TO THE "UNIFORM RULES FOR COLLECTIONS" INTERNATIONAL CHAMBER OF COMMERCE
1996 REV. PUBLICATION NO. 522. PLEASE QUOTE OUR REF. NUMBER 18143 / 23600
IN ALL YOUR CORRESPONDENCE.

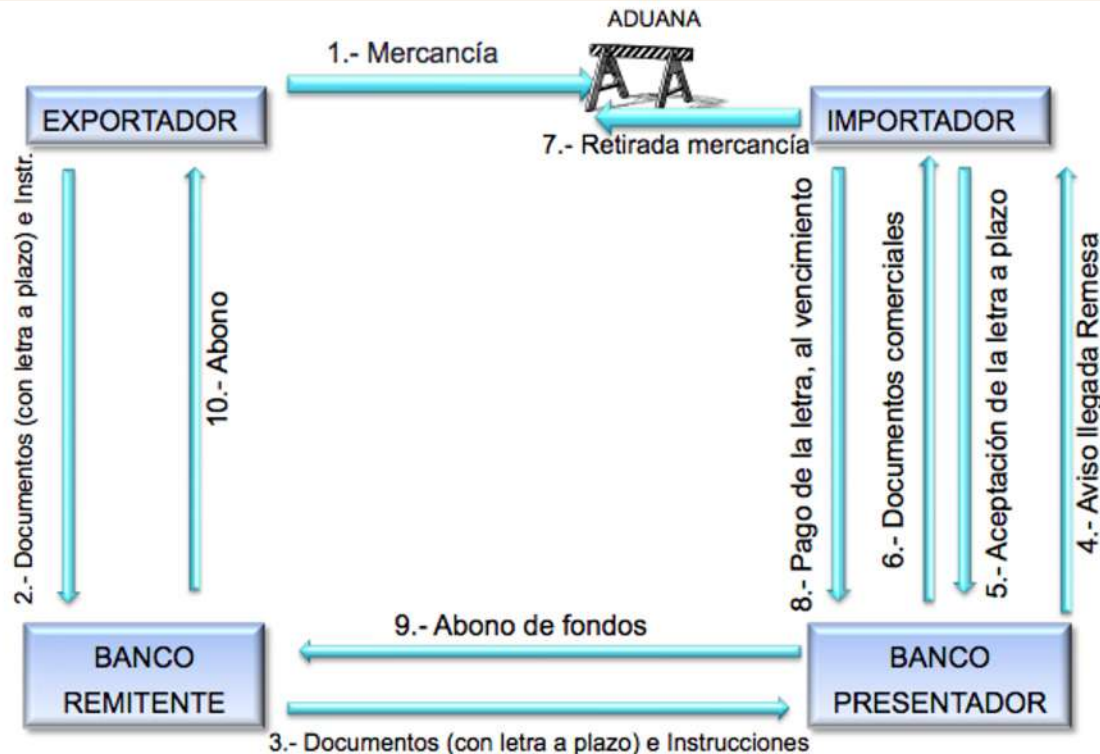
REMITTANCE OR DOCUMENTARY COLLECTION

Documentary remittance against acceptance.

This is a remittance accompanied by a bill of exchange, promissory note or receipt for collection. Thus, the documents are delivered to the importer upon acceptance of the bill of exchange accompanying the remittance, payable at a specified time.

- **Bill of exchange:** a document with a unilateral order from a seller to a buyer to pay (or accept the debt and later pay) a certain amount of money owed to him. It is legally regulated.
- **Promissory note.** Pure and simple promise to pay a certain amount of money (by a debtor - the buyer -- in favor of a creditor - the seller --). It is legally regulated.
- **Receipt for collection.** It is a non-formal document, which contains information similar to that of the bill of exchange and which, like the bill of exchange, is issued by the sellers and passed on to the buyers for collection.

operating scheme of documentary remittance, against acceptance



SIMPLE REMITTANCE

Instruction from the exporter to the bank to obtain a collection or its acceptance, accompanied exclusively by financial documents (commercial documents will be sent directly from the seller to the buyer).

The simple remittance can be:

- Due at sight (upon presentation of the draft for collection).
- With maturity at a certain future term, determined in the bill of exchange.

Within this last case, we find:

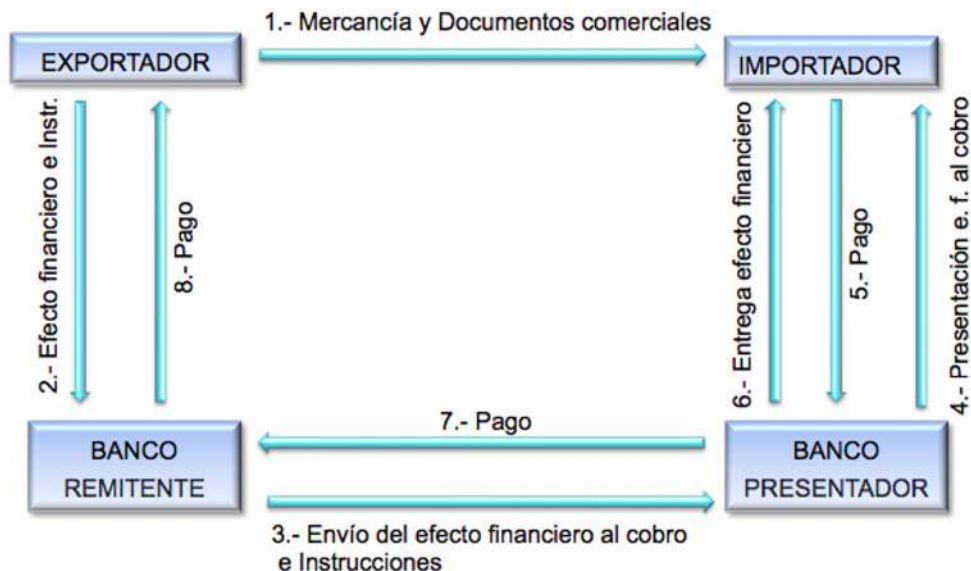
- Without the need for acceptance by the drawee.
- Against acceptance by the drawee.

SIMPLE REMITTANCE


	ADVANTAGES	DISADVANTAGES
Exporter	Certainty in the maturity of the collection (maturity of the bill of exchange). Facilitates your bank's financing. Bank presentation at collection.	Risk of non-payment. Cost and complexity > other means of simple collection.
Buyer	To dispose of the goods without having to pay for them.	Cost and complexity > other means of simple collection.

SIMPLE REMITTANCE

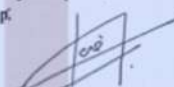
operating scheme of the simple remittance, against payment



example of informal bill of exchange used in international remittances



BP Oil España.
Avenida de Barajas, 30.
Parque Empresarial Omega,
Edificio D.
28108 Alcobendas (Madrid).

BILL OF EXCHANGE		
INVOICE No.: 4120	PLACE: MADRID	AMOUNT: USD 137.382.-
DATE: December 28th, 2010	MATURITY: March 28th, 2011	
FOR THIS BILL OF EXCHANGE YOU WILL PAY AT THE INDICATED MATURITY TO THE ORDER OF:		
THE SUM OF: US DOLLARS ONE HUNDRED THIRTY SEVEN THOUSAND THREE		
HUNDRED EIGHTY TWO		
DRAWN UNDER:		
NAME AND ADDRESS OF DRAWEE: STATE OIL IMPORT CORPORATION 600 A BEIJING CHINA		BP OIL ESPAÑA, S.A. P.P. 

DIRECT DEBIT IN THE EU

An instruction from a seller, transmitted by a bank, for a debit to be made to the buyer and credited to him. These are collection procedures such as "direct debits" in the domestic market (electricity, telephone, etc.).

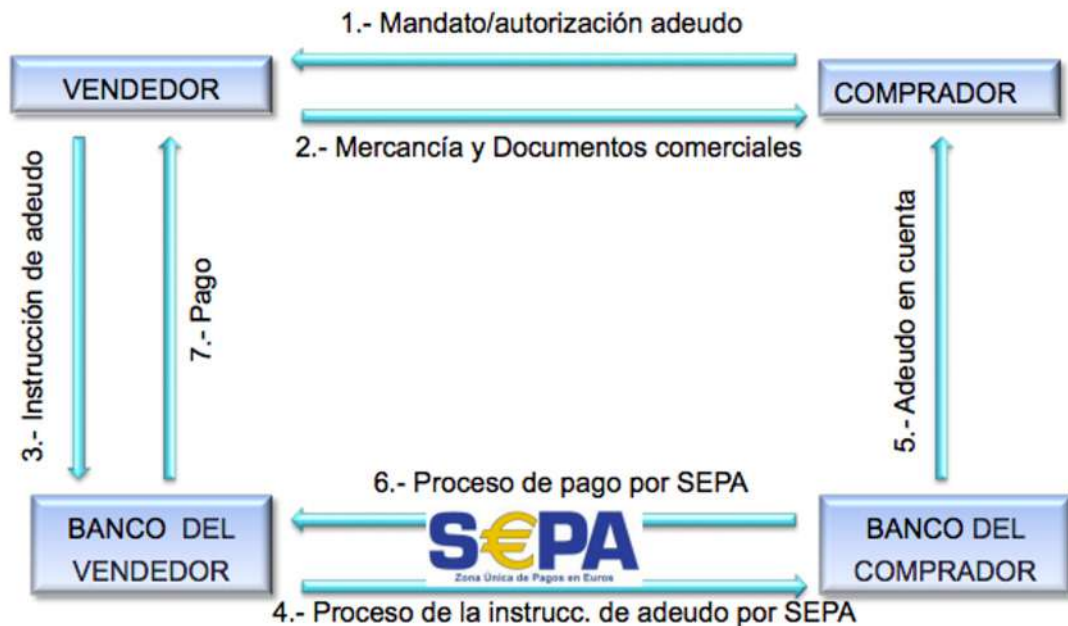
Although the initiative of collection is taken by the seller (as in remittances), he must first have a written mandate from the buyer, i.e. an authorization of the corresponding debit to his account, according to pre-established forms.

There are two direct debit systems in the EU, the central system (CORE or standard) for all types of users, and the inter-company system (B2B), for business users. The latter is more agile in operation, with shorter repayment periods.

DIRECT DEBIT IN THE EU

	ADVANTAGES	DISADVANTAGES
Exporter	Signed mandate of express authorization of the debit by the buyer. Control of the time of collection.	Risk of non-payment when providing the service/sending the product in advance. Management to obtain the mandate and process it
Buyer	Simplicity. No or minimal cost.	Eventually, any undue debit that requires its return

operating scheme for direct debit in the EU



MANDATE OF DOMICILIARY DEBIT

Orden de domiciliación de adeudo directo SEPA
SEPA Direct Debit Mandate

Referencia de la orden de domiciliación: _____
Identificador del acreedor: _____
Nombre del acreedor / Creditor name: _____
Dirección / address: _____
Código postal - Población - Provincia / Postal Code - City - Town: _____
País / Country: _____

Nombre del deudor/es / Debtor's name: _____
Dirección del deudor / address of debtor: _____
Código postal - Población - Provincia / Postal Code - City - Town: _____
País del deudor / country of debtor: _____

Swift BIC (código comercial 8 o 11 posiciones) / Swift BIC (up to 8 or 11 characters): _____

Número de cuenta - IBAN / account number - IBAN: _____

Tipo de pago: ☐ Pago recurrente ☐ Pago único
Type of payment: Recurring payment One-off payment

Fecha - Localidad: _____
Date - location in which you are signing

Firma del deudor: _____
Signature of the debtor

TODOS LOS CAMPOS HAN DE SER CUMPLIMENTADOS OBLIGATORIAMENTE.
 UNA VEZ FIRMADA, ESTA ORDEN DE DOMICILIACIÓN DEBE SER ENVIADA AL ACREEDOR PARA SU CUSTODIA.
 ALL FIELDS ARE MANDATORY. ONCE IT IS SIGNED, THIS MANDATE MUST BE SENT TO THE CREDITOR FOR ITS CUSTODY.

LETTER OF CREDIT

They are regulated by the ICC through the Uniform Customs and Practice for Documentary Credits.

It is a complex means of collection that allows for a wide variety of possibilities. In a nutshell, it is an irrevocable commitment by a bank (the buyer's bank) to make a payment to a beneficiary (the exporter), provided that the latter meets two conditions:

- That it has delivered the required commercial and financial documents (if applicable).
- Within established deadlines.

It is used in case of high distrust of the seller towards the buyer, being the means of collection that offers greater protection to exporters. It is not usual in small operations, due to the cost and processing required.

LETTER OF CREDIT

In the case of a confirmed documentary credit, it has an additional commitment from another bank, whose request should appear in the opening message issued by the issuing bank, which is called confirmation. In this case, the commitment of the confirming bank (which is usually the exporter) is the same as that of the issuing bank, being bound on the same terms. It will always act "without recourse" and if payment from the issuing bank never arrives, it cannot claim repayment from the exporter.

The purpose of the confirmation, which is requested by exporters, is usually:

- To hedge against possible insolvency of the issuing bank (bank risk).
- To cover against the possible insolvency of the country of the issuing bank (country risk).

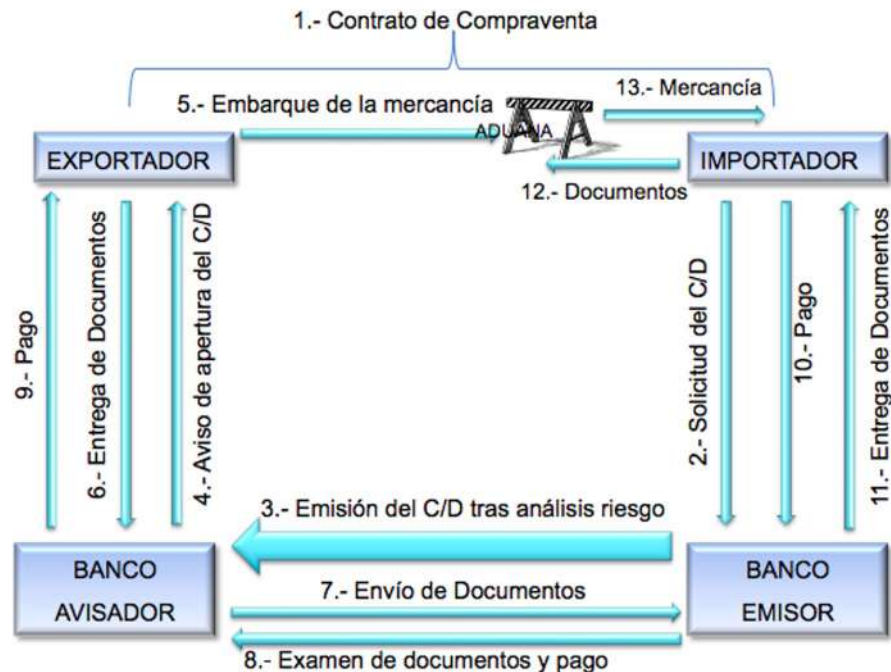
These risks will therefore be assumed by the confirming bank, which will charge a "confirmation fee". The bank will cover the banking risk and the assumed country risk through specific insurance policies for this purpose, if they so wish. They can also do this with their own risk assessment.

LETTER OF CREDIT

Mode of use of the documentary credit:

- **Payment at sight** (of conforming documents): This is a cash payment. The bank must pay upon presentation of the conforming documents.
- **Deferred payment.** Usually a specific term is established (60, 90 days...), counting from the date of a certain event, in particular, it is usual that it is payable at a certain time from the date of shipment. E.g., "20 days from date of shipment". This deferred payment may be usable by acceptance (where a financial bill of exchange is involved) or by negotiation (where the designated bank advances (negotiates) the CD at a discount).

operating schedule for demand letter of credit, available at issuing bank



LETTER OF CREDIT

Documentary credit terms:

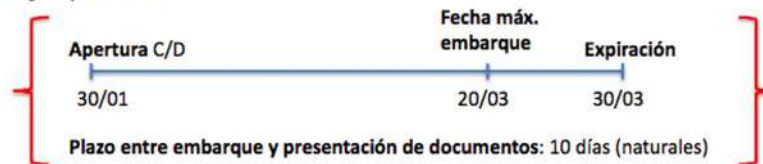
In order to make use of the documentary credit, it will be necessary to be very attentive to the conditions that appear in it, since banks are very strict in the use of this tool.

Thus, the maturity term is a mandatory term, which establishes the maximum date until which the bank maintains its commitment and the beneficiary can comply with the conditions of the documentary credit.

The term for shipment is the maximum date for the shipment of the goods and is not mandatory.

The period between shipment and presentation of documents (at the place of presentation) is also not mandatory but, if not indicated, will be 21 calendar days after the date of shipment.

Ejemplo de C/D:



text of a letter of credit,
 example

```

XKFER01 12:12:19          LOGICAL TERMINAL 8090H03
MT 5700                   ISSUE OF A DOCUMENTARY CREDIT      PAGE 00001
                                                                FUNC CAINPO1

MSGACK(1:F21CAINES2M0XXX2449447439){4:(177:0002011212){451:0}
BASIC HEADER              F 01 CAINES2M0XXX 2449 447439
APPLICATION HEADER        I 700 BRCHCNBJK92C 8
USER HEADER               SERVICE CODE 103:
                           BANK. PRIORITY 113:
                           MSG USER REF. 108:

SEQUENCE OF TOTAL         27: 1 / 2
FORM OF DOC CREDIT        40A: IRREVOCABLE
DOCUMENTARY CREDIT NUMBER 20: OPE-CI00046845
DATE OF ISSUE              31C: XK0201
APPLICABLE RULES          40E: UCP LATEST VERSION
DATE AND PLACE OF EXPIRY  31D: XK0414 CHINA
APPLICANT                 50: BOLSOB PICON S.L.
                           CERVANTES 1
                           02640 ALMANSA
                           ALBACETE SPAIN
BENEFICIARY               59: ARTS & CRAFTS IMP. EXP. COR
                           12, NORTHERN SHONGSHAN ROAD
                           HANGZHOU 310063 CHINA
CURRENCY CODE, AMOUNT     32B: USD17.304,26
MAXIMUM CREDIT AMOUNT     39B: NOT EXCEEDING
AVAILABLE WITH/BY         41A: BANK IN CHINA BY PAYMENT
PARTIAL SHIPMENTS        43P: ALLOWED
TRANSHIPMENT              43T: ALLOWED
PORT OF LOADING/AIRPORT  44E: CHINA PORT
OF DEPARTURE
PORT OF DISCHARGE/AIRPORT 44F: VALENCIA PORT SPAIN
OF DESTINATION
LATEST DATE OF SHIPMENT   44C: XK0330
DESCRIPTION OF GOODS AND/OR 45A: CIF VALENCIA PORT SPAIN
SERVICES                  COVERING:
                           2565 DOLERS, 500 S.M. OF PAPER STRAW
                           WOODS AND BOLLS AS PER SALES CONFIRMATION
                           NO.99CMH-2053
                           MARKS: BOLSOB PICON
DOCUMENTS REQUIRED          46A: +COMMERCIAL INVOICE, SIGNED AND STAMPED
                           BY THE BENEFICIARY, IN 6 ORIGINALS AND 1
                           COPY
                           +PACKING/WEIGHT LIST, SIGNED BY THE
                           BENEFICIARY, STATING RELATED INVOICE
                           NUMBER, 6 ORIGINALS AND 1 COPY-MARKS:
                           BOLSOB PICON
                           +INSURANCE POLICY OR CERTIFICATE, ONE
                           ORIGINAL AND ONE COPY COVERING ALL RISKS
                           SUBJECT TO INSTITUTE CARGO CLAUSES (A)
                           DO 1/1/82, WAR RISKS SUBJECT TO INSTITUTE
                           WAR CLAUSES (CARGO) DO 1/1/82, AND
                           INSTITUTE STRIKE CLAUSES (CARGO) DO
                           1/1/82 ISSUED FOR 110 PCT VALUE OF GOODS
                           (SAME CURRENCY OF L/C) ISSUED IN
                           NEGOTIABLE FORM. CLAIMS PAYABLE IN SPAIN,
                           STATING AGENCY/OFFICE/COMPANY NAMED IN
                           SPAIN TO PROVIDE AMOUNT OF CLAIMS IF ANY.
                           +CERTIFICATE OF ORIGIN GSP FORM 'A'
                           ISSUED BY OFFICIAL AGENCY OR CHAMBER OF
                           COMMERCE, DATED PRIOR OR THE SAME DATE
  
```

comparison of means of collection/payment

	Iniciativa del proceso	Coste	Velocidad	Confianza del exportador / vendedor hacia el comprador	Seguridad para el exportador / vendedor
Orden pago simple	Importador	Bajo	Alta	Alta	Baja
Cheque bancario	Importador	Bajo	Media	Alta	Baja
Cheque de cuenta corriente	Importador	Bajo	Media	Muy alta	Muy baja
Remesa simple	Exportador	Medio	Media	Alta	Baja
Adeudo domiciliado en la UE	Vendedor	Medio	Media	Más bien alta	Más bien baja
Remesa documentaria	Exportador	Alto	Lenta	Media	Media
Crédito documentario	Importador	Muy alto	Muy lenta	Baja	Muy alta

B2C MARKET: THE MOMENT OF PAYMENT IS THE MOMENT OF TRUTH IN THE CONVERSION TUNNEL.

	Usability	Price	Scope	Customer service	Security
Cards	+	+	+	-	-
3D-Secure	-	+	-	-	+
PayPal	+	-	+	+	+
Bitcoin	-	+	-	-	-
Amazon Pay	+	-	+	+	+
Corner Billing	+	-	-	-	+

Scope: This is to seek means of payment used by the majority of buyers.

Customer service: If there are problems it is best to be integrated and have a technical support (Magento).

Rule of thumb: The more payment methods the better. Going from 2 to 3 payment methods can increase sales from 63% to 72%.

CARD PAYMENT



3D SECURE



PAYPAL



BITCOIN

Checkout

ORDER: #67


DATE: January 4, 2015

TOTAL: 25.00 \$

PAYMENT METHOD: Bitcoin/Altcoin

Bitcoin Payment System

0.00326073 BTC



Payment Successfully Received!

Received on 04 January 2015

View Transaction Details

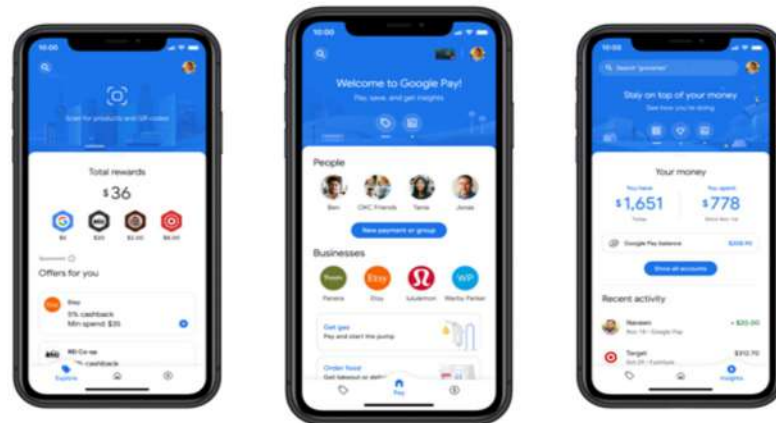
Order Details

Product	Total
T-shirt x 1	25.00 \$
Cart Subtotal:	25.00 \$
Shipping:	Free Shipping
Payment Method:	Bitcoin/Altcoin
Order Total:	25.00 \$

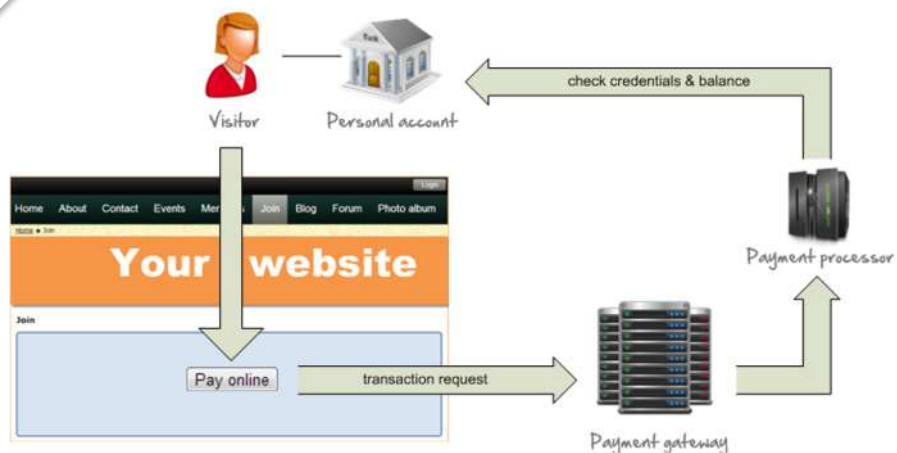
AMAZON PAY



GOOGLE PAY



IPSP (INTERNET PAYMENT SERVICE PROVIDER)



OTHER : WECHAT PAY





- **Concept:** Differences in the value of transactions as a result of changes in exchange rates.
- **Exchange rate risk** can have both a negative and a positive impact on the outcome of the transaction
- There is exchange rate risk: whenever the transaction is in a non-standard currency
- There is always exchange risk between 'Daises with different currencies: one of the traders will have exchange risk, and maybe both
- There is exchange risk, for a Spanish trader, as long as the transaction is not denominated in euros.

- ☐ Implies having payments and receipts in the same currency, which mitigates exchange rate risk.
- ☐ Difficult to implement exactly. Partial hedges can be achieved
- ☐ Professional management. Need to be able to manage:

Foreign currency accounts

Foreign currency indebtedness.

Exporting: borrowing in the currency to be received and selling it in cash for euros



0. Operación de exportación en USD, con cobro aplazado. Situación de riesgo de cambio
1. Endeudamiento en USD
2. Venta de los USD, con compra de EUR que el exportador puede utilizar desde el inicio
3. Se reciben los USD
4. Se cancela el préstamo recibido

The amount to be received from the transaction, in EUR, is known from the outset
 It makes no difference what the USD rate is at maturity. The exchange rate risk has been eliminated

Import: borrow in euros, purchase the spot currency and deposit it at maturity



0. Operación de importación en USD, con pago aplazado. Situación de riesgo de cambio
1. Endeudamiento en EUR
2. Venta de los EUR, con compra de USD
3. Se hace un depósito en USD al plazo de pago
4. Se cancela el préstamo tomado en euros
5. Se retiran los USD del depósito
6. Se realiza el pago en USD

it is known from the beginning how much the operation is going to cost

no matter what the USD rate is at maturity, the exchange rate risk has been eliminated.

- ☐ Purchase or sale of foreign exchange in the forward market: for delivery or settlement over 2 market days.
- ☐ Exchange rate is fixed today, but applied at a future point in time.
- ☐ Forward rate or forward exchange rate
- ☐ Contracting parties:
 - Companies and individuals, with:
 - Banking entities
- ☐ The amounts to be contracted are not standard.
- ☐ Settlement dates are not standard either. Usually up to one year
- ☐ Forward quotations will not coincide with spot quotations:
 - will not coincide with spot at the time of the forward contracting.
 - will not match the spot at forward maturity
 - are not a predictor of spot rates at forward maturity

are exchange rates, which are fixed today, to be applied at a future point in time

they allow eliminating the uncertainty of exporters/importers

Forward rates are different for each term: 1 week, 1 month, 3 months... and intermediate dates. Up to, usually, 1 year

The quotation can also be presented, as in the spot market:

- indirectly or directly
- and there will be a buying and selling exchange rate.

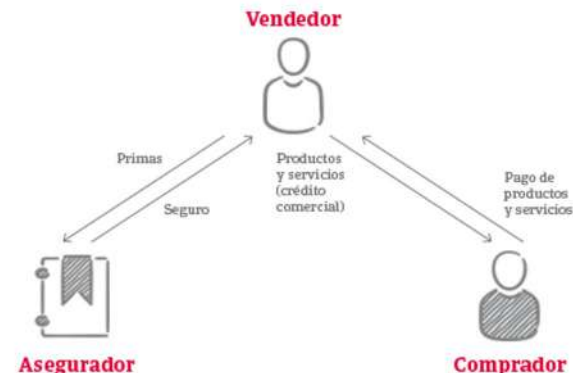
It can be contracted for the entire amount of the trade, or for a part of it.



Credit insurance and **surety insurance** are completely different products, even though they are usually offered by the same type of insurer and are exercised in the event of default by one of the parties.

Credit insurance is a product that allows the policyholder to protect himself against the risk of non-payment of accounts receivable arising from commercial transactions on credit.

It is a mechanism to cover non-payment or definitive insolvency on the part of the debtor when a transaction has been carried out with deferral of payment.



CREDIT AND SURETY INSURANCE



CREDIT INSURANCE:

Prevention: thanks to the non-payment risk analyses provided by the insurer, so that the policyholder can determine the advisability of granting credit to its commercial customers.

Recovery: whereby the insurer puts in place mechanisms to ensure that an unpaid account is settled by the policyholder's debtor.

Indemnity to the policyholder: which occurs when the debtor's non-payment becomes definitive due to the debtor's insolvency or any other reason that makes it impossible to collect the uncollected account.

SURETY INSURANCE:

Also known as surety insurance, it is a product through which the insurer undertakes to indemnify the insured in those cases in which the policyholder fails to comply with its legal or contractual obligations.

This type of insurance takes place when one of the parties to a contract demands from the other a guarantee to respond to the fulfillment of its obligations. In fact, it is a very common type of insurance in contracts with the Public Administration, although it is used in many other cases.



SURETY INSURANCE:

Modalities of surety insurance such as, for example:

- Bid or performance bonds in favor of the Administration.
- Guarantees of different types in favor of a private party.
- Guarantee of advanced amounts in the construction and sale of housing.
- Policy in guarantee of the obligations contracted before the customs authorities.





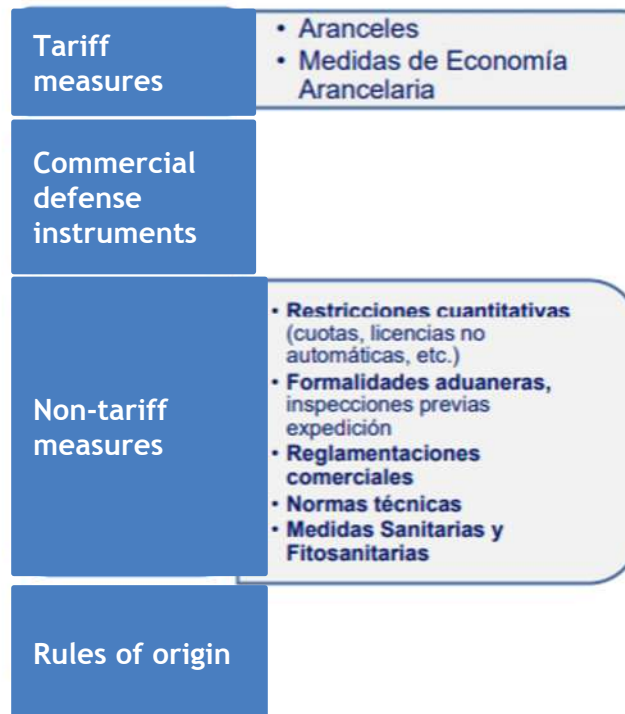
Trade policy - measures regulating foreign trade flows

Classical economic theory:

- Free trade: facilitates trade (dominant approach).
- Protectionism : restricts trade exchanges



TRADE POLICY INSTRUMENTS•



TARIFFS: CONCEPT AND USE

DEFINITION:

Customs duties on goods traded abroad. c

REASONS FOR USE:

Protect domestic industries
To increase government revenues
Incentivize/disincentivize consumption

APPLY:

On imports (most frequent)
On exports

EVOLUTION:

losing relevance as a regulatory mechanism for international trade.

TARIFFS: BASIC PRINCIPLES GATT (1947) - WTO

Protection of national production with tariffs (transparent, predictable).

Tariff binding (commitment not to increase tariffs). Downward trend (rounds of negotiations).

Most-Favored-Nation Treatment (non-discrimination between countries).

National Treatment (non-discrimination between domestic and imported products).



TARIFFS: TYPES OF TARIFFS

- **Ad valorem: 5%**
- **Específicos: 100 €/tn**
- **Mixtos: 5% + 20 €/100 Kg**
- **Compuestos: Ad valorem % con (Max – Min)**

Consolidados (OMC)
Aplicados

Convencionales, Autónomos, Preferenciales (bilaterales)

TARIFFS: TYPES OF TARIFFS

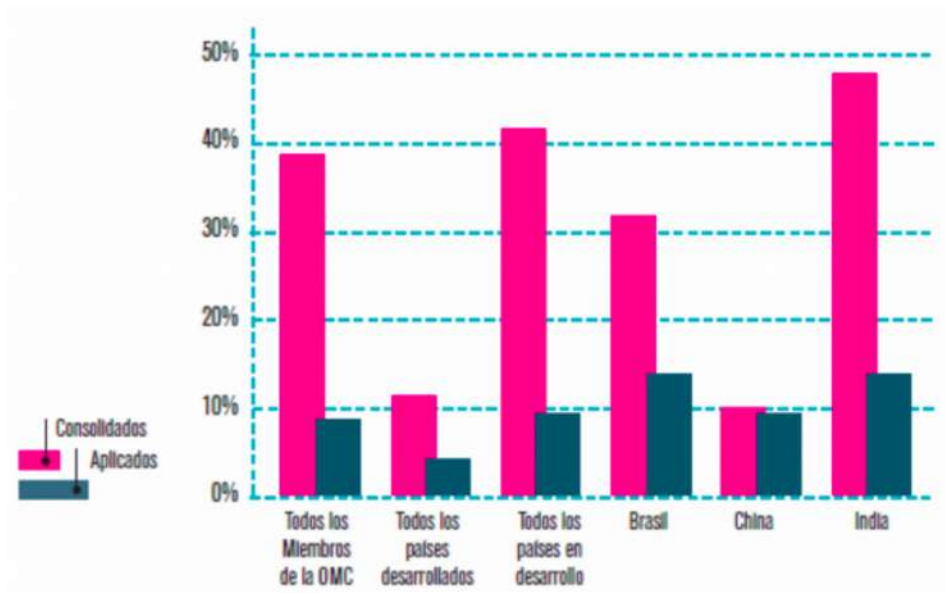
CONSOLIDATED

Maximum rates communicated to the WTO with the commitment not to raise them. They are the result of the various multilateral negotiations

APPLICATIONS

Actually used. They can be different, but never higher than the bound ones.
The application of higher duties than those bound requires offsets.

TARIFFS IN THE WORLD



TARIFFS IN THE WORLD

DEVELOPED COUNTRIES

- The average applied tariff is quite low
- identical or very similar to the bound 4 has no room for maneuver to redefine its tariff policy. If they want to raise their applied tariffs above the bound, they must offer compensation to the rest of the WTO members.

DEVELOPING COUNTRIES

- Average level of applied tariffs is higher.
- Tariffs are usually lower than bound tariffs. They can be different, but never higher than the bound ones 4 great margin of maneuver to modify their tariff policy without having to offer compensations (key element in times of economic difficulty).

TARIFFS IN THE EU

Convencionales
(NMF) → Tarifa
Exterior Común

Preferential

- **Autónomos**

- SPG → Cláusula Habilitación GATT
- Antiguas concesiones a Moldavia → waiver OMC

- **Bilaterales (Zonas de Libre Comercio)** → artículo XXIV GATT

- México/Chile/Corea
- Euromediterráneos
- Estabilización (Balcanes)
- EPAs (ACP)
- Andinos (Colombia, Ecuador y Perú) y Centroamérica
- Georgia, Moldavia; Ucrania
- Canadá
- Singapur, Vietnam (pendientes entrada en vigor), Japón
- Fase de negociación (Golfo, MERCOSUR, India, Malasia, Filipinas, Indonesia, Australia, Nueva Zelanda)

CUSTOMS CLASSIFICATION

APPLICATION OF TARIFFS - CLASSIFICATION OF PRODUCTS

1 establish a common nomenclature

2 Facilitating international trade

3 Facilitating trade negotiations

4 other uses

CUSTOMS CLASSIFICATION: HARMONIZED SYSTEM 1988

- Established by the World Customs Organization (WCO). 1983.
- Used by more than 200 countries (only 170 are contracting parties).
- Harmonized System Technical Committee: modify, interpretative notes, dispute settlement.

CUSTOMS CLASSIFICATION: HARMONIZED SYSTEM 1988 .



CUSTOMS CLASSIFICATION: HARMONIZED SYSTEM 1988 .



Basada

- **Materia principal o función y uso del producto**
 - Sección I a XV: materia principal
 - Sección XVI a XXI: función o uso
- **Naturaleza progresiva** (materias primas → productos más procesados)

CUSTOMS CLASSIFICATION: STRUCTURE OF THE HARMONIZED SYSTEM

Sección I (capítulos 1-5 animales vivos y productos del reino animal)	Sección XII (capítulos 64-67 calzado, paraguas, flores artificiales)
Sección II (capítulos 6-14 productos del reino vegetal)	Sección XIII (capítulos 68-70 piedra, cemento, cerámicos, vidrio)
Sección III (capítulo 15 grasas y aceites)	Sección XIV (capítulo 71 perlas, metales preciosos)
Sección IV (capítulos 16-24 productos de las industrias alimentarias, bebidas, tabaco)	Sección XV (capítulos 72-83 metales comunes)
Sección V (capítulos 25-27 minerales)	Sección XVI (capítulos 84-85 máquinas eléctricas)
Sección VI (capítulos 28-38 productos industrias químicas)	Sección XVII (capítulos 86-89 material de transporte)
Sección VII (capítulos 39-40 plásticos y caucho)	Sección XVIII (capítulos 90-92 instrumentos de óptica, relojería, instrumentos musicales)
Sección VIII (capítulos 41-43 cueros y artículos de viaje)	Sección XIX (capítulo 93 armas y munición)
Sección IX (capítulos 44-46 madera, carbón y corcho)	Sección XX (capítulos 94-96 muebles, juguetes, manufacturas diversas)
Sección X (capítulos 47-49 pasta madera, papel y cartón)	Sección XXI (capítulo 97 objetos de arte, antigüedades)
Sección XI (capítulos 50-63 textiles y sus manufacturas)	

TARIFF CLASSIFICATION IN THE EU

- Based on the Harmonized System, each country develops its own classification (national divisions: above 6 digits).
- In the European Union: Combined Nomenclature (CN) - 8 digits. The first 6 digits coincide with the HS division.
- Main functionality: tariff application.
- Council Regulation 2658/87 on tariff and statistical nomenclature and Common Customs Tariff (updated annually by Commission Regulations).

COMBINED NOMENCLATURE - COMMON CUSTOMS TARIFF. EXAMPLE CHAPTER 18.

Código NC	Descripción	Derecho Convencion al (%)	Unidades suplementa rias
1806	Chocolate y demás preparaciones alimenticias que contengan cacao		
1806 10	- Cacao en polvo con adición de azúcar u otro edulcorante		
1806 10 15	- - sin sacarosa o isoglucosa o con un contenido inferior al 5% en peso	8%	-
1806 10 20	- - sin sacarosa o isoglucosa o con un contenido superior o igual al 5% pero inferior al 65% en peso	8+25,2€/100 Kg	-
1806 10 30	- - sin sacarosa o isoglucosa o con un contenido superior o igual al 65% pero inferior al 80% en peso	8+31,4€/100 Kg	-
1806 10 90	- - sin sacarosa o isoglucosa o con un contenido superior o igual al 80% en peso	8+41,9€/100 Kg	-

INTEGRATED TARIFF OF THE EU: TARIC

- ❑ Subdivisión adicional de la UE a 10 dígitos
- ❑ Integra las siguientes medidas



INTEGRATED TARIFF OF THE EU: TARIC

Finalidad

1. Asegurar la aplicación uniforme en la UE de las medidas arancelarias, comerciales y agrícolas
2. Herramienta información útil para los operadores comerciales
3. Facilitar la recogida de datos estadísticos



INTEGRATED TARIFF OF THE EU: TARIC. EXAMPLE

Código TARIC	Descripción	Unidades	Observaciones
1806 90	- Los demás		
1806 90 60	- - Pastas para untar que contengan cacao		
1806 90 60 10	- - - en envases inmediatos de contenido neto inferior o igual a 1 Kg		Derechos terceros 8,3% +EA MAX 18,7%+ADS Contingente arancelario no preferencial Derechos preferenciales Licencia de Importación Restituciones Exportación Control sanitario a la importación
1806 90 60 90	- - - las demás		Derechos terceros 8,3% +EA MAX 18,7%+ADS Contingente arancelario no preferencial Derechos preferenciales Licencia de Importación Restituciones Exportación Control sanitario a la importación
1806 90 70	- - Preparaciones para bebidas, que contengan cacao		
1806 90 70 10	- - - en envases inmediatos de contenido neto inferior o igual a 1 Kg		
1806 90 70 90	- - - las demás		



FDA AND BIOTERRORIST ACTS



1906

Birth of the FDA as a federal consumer protection agency.



2001

9/11 terrorist act



2003

FDA Bioterrorism Act

FDA REGISTRATION:

- Free registration (for food and beverage).
- You need a "US resident agent". A person who functions as a point of contact between the FDA and the exporting company. The Spain-US Chamber of Commerce offers this service.
- Renew registration every 2 years. There is a registration period in even years.

In case the authorities consider that the product cannot enter the USA, an AD (Administrative Detention) will be issued.

- If it has occurred because the product has a prohibited ingredient, you should try to send the product back or destroy it.
- If it was caused by a labeling error, it should be corrected. New labels can be printed and affixed to the product.
- A review of the AD can also be done if the company believes the product is safe.

DOCUMENTS REQUIRED FOR EXPORT:

Pro-forma invoice	Commercial invoice
Packing list	Single Administrative Export Document (SAD)
Certificate of Origin	Transport Document
Declaration for Export Registration and Control (DEPREX).	The INTRASTAT document, a statistical report on the entry and exit of goods between the countries of the European Union.

AGRI-FOOD SECTOR: FEDERAL AND STATE ENTITIES. REQUIREMENTS.

The FDA (US Food and Drugs Administration) is a US government agency responsible for the regulation of food, drugs, cosmetics, medical devices, biological products and blood derivatives.

Among its functions or responsibilities are:

- Protection of public health by regulating standards.
- Innovation
- Providing food and medical information
- Regulating the manufacture and consumption of tobacco



AGRI-FOOD SECTOR: FEDERAL AND STATE ENTITIES. REQUIREMENTS.

The USDA or United States Department of Agriculture is an executive unit of the U.S. Federal Government.

Its purpose → to develop and execute livestock, agriculture and food policies.

Its functions include:

- Fighting hunger
- Nature conservation agency.
- Provides housing and resources to rural sectors.
- Responsible for the safety of products derived from beef, chicken meat and eggs.



REQUIREMENTS FOR THE EXPORT OF WINES AND OTHER ALCOHOLIC BEVERAGES IN THE U.S.A.

In the U.S., an alcoholic beverage is considered to be a beverage with an alcoholic content greater than 0.5% by volume. However, the applicable regulations vary depending on whether the beverage has an alcoholic content equal to or greater than 7% or less than 7% by volume.

The latter, with few exceptions, must comply with the requirements established in the general regulations applicable to foodstuffs, while the former are subject to much more complex regulations.

REQUIREMENTS FOR THE EXPORT OF WINES AND OTHER ALCOHOLIC BEVERAGES IN THE U.S.A.

The main federal provision on alcoholic beverages is the Federal Alcohol Administration Act (FAA) and its implementing regulations, which are contained in Title 27 of the Code of Federal Regulations (CFR).

The **Alcohol and Tobacco Tax and Trade Bureau (TTB)** is the federal agency that enforces compliance with the provisions of 27CFR.

This provision applies to beverages with an alcohol content equal to or greater than 7% by volume, among which are:

- wines
- spirits
- beers (malt beverages), even if their alcohol content is less than 7%, which are made from malted barley and hops.

REQUIREMENTS FOR THE EXPORT OF WINES AND OTHER ALCOHOLIC BEVERAGES IN THE U.S.A.

Requirements:

1. Obligation to have an importer authorized by the Federal TTB Agency.
2. Certificate of Label Approval (COLA), which is issued by the TTB.
3. Submit a list of ingredients and manufacturing method as part of the pre-COLA process, along with a 750ml sample in the TTB formula application.
4. Labeling according to TTB requirements.
5. Alcoholic beverage bottling size standards.
6. Identity Standards: Composition and Appellation of Origin requirements.

EL THREE TIER SYSTEM

This is a U.S. distribution system that establishes three levels or agents through which the product must pass in order to reach the consumer.
The product must necessarily and unavoidably pass through three levels or agents to get from the winery to the consumer.

These three levels are as follows:

- a) Producer or importer (the latter is the case of imported wines).
- b) Distributors (distributors or wholesalers).
- c) Retailer (retailers).

EL THREE TIER SYSTEM

a) Controlled or monopoly states

There are 18 controlled or monopoly states (Alabama, Idaho, Iowa, Maine, Michigan, Mississippi, Montana, New Hampshire, North Carolina, Ohio, Oregon, Pennsylvania, Utah, Vermont, Virginia, West Virginia and Wyoming) and the jurisdiction of Montgomery County (Maryland). In these jurisdictions, the state participates to a greater or lesser extent in the distribution of alcoholic beverages, adopting different formulas depending on the case.

Any importer wishing to distribute its wines must always contact the administrative entities that control this monopoly in the state.

administrative entities that control this monopoly in the different states in order to know the operating regime in each state.

EL THREE TIER SYSTEM

b) Non Controlled States or States with Licenses

The aforementioned Three Tier System also applies. In these states, the participation of the administration is limited to the granting of licenses, fiscal control and compliance with the law in the wine market, without participating directly in the distribution chain, as is the case in the controlled states. In this case, the importer must also rely on licensed distributors to bring the beverage to the market.

Products need to be correctly labeled. The information on labels can be divided into four sections:

- PDP (Principal Display Panel). The face of the product. It should clearly indicate what is being sold.
- Information Panel. It should inform about ingredients, place of origin, etc.
- Nutritional Information Panel.
- Allergen information.

NEW NUTRITION FACTS LABEL

Original Label

New Label

Nutrition Facts

Serving Size 2/3 cup (55g)
 Servings Per Container About 8

Amount Per Serving

Calories 230 **Calories from Fat 72**

% Daily Value*

Total Fat 8g **12%**

Saturated Fat 1g **5%**

Trans Fat 0g

Cholesterol 0mg **0%**

Sodium 160mg **7%**

Total Carbohydrate 37g **12%**

Dietary Fiber 4g **16%**

Sugars 12g

Protein 3g

Vitamin A **10%**

Vitamin C **8%**

Calcium **20%**

Iron **45%**

* Percent Daily Values are based on a 2,000 calorie diet.
 Your daily value may be higher or lower depending on your calorie needs.

	Calories:	2,000	2,500
Total Fat	Less than	65g	80g
Sat Fat	Less than	20g	25g
Cholesterol	Less than	300mg	300mg
Sodium	Less than	2,400mg	2,400mg
Total Carbohydrate		300g	375g
Dietary Fiber		25g	30g

Nutrition Facts

8 servings per container

Serving size 2/3 cup (55g)

Amount per serving

Calories 230

% Daily Value*

Total Fat 8g **10%**

Saturated Fat 1g **5%**

Trans Fat 0g

Cholesterol 0mg **0%**

Sodium 160mg **7%**

Total Carbohydrate 37g **13%**

Dietary Fiber 4g **14%**

Total Sugars 12g

Includes 10g Added Sugars **20%**

Protein 3g

Vitamin D 2mcg **10%**

Calcium 260mg **20%**

Iron 8mg **45%**

Potassium 235mg **6%**

* The % Daily Value (DV) tells you how much a nutrient in a serving of food contributes to a daily diet. 2,000 calories a day is used for general nutrition advice.

WHAT IS A TRADEMARK?

A word, phrase, symbol, logo, or combination of all of the above that serves to identify the products or services of a company or individual.

Types:

- Standard Character Mark
- Logos
- Combined Logo Marks
- Geographical Indicators
- Certification Marks
- Smells, sounds and colors

NOT protectable:

- Generic marks
- Trademarks that are a description of a product
- Trademarks that are in essence surnames or first names
- Offensive or foul expressions
- Trademarks that cannot properly identify the subject matter to be protected
- Trademarks contrary to law and public order
- Trademarks that may mislead the consumer
- Appellations of origin
- Coats of arms, flags and emblems

TRADEMARK PROTECTION OFFICES:

United States

- USPTO - United States Patent & Trademark Office

European Union

- EUIPO - European Union Intellectual Property Office





Interreg
Sudoe



EUROPEAN UNION



AGROSMART
global

European Regional Development Fund