



# Trade Compliance, International Methods of Payment and Incoterms The Intersection



## Intersection

- The importance of choosing the correct Incoterm
- Control of the most important parts of the export process is key.
- Documentation will unlock a smooth transaction if done correctly and distributed at the appropriate time.



## Intersection

- Trade Compliance is the exporter's responsibility on every export shipment.
- The wrong Incoterm could leave the exporter vulnerable to missing compliance steps when the overseas customer controls too much of the transaction.
- Never sell an export order with letter of credit or trade credit insurance coverage on ex-works or FCA terms



## Understanding INCOTERMS

**EXW:** Exporter deals with routed forwarder, no control of compliance, shipment or payment

**F terms:** Exporter may deliver to US border; control of compliance; limited shipment and payment control



## Understanding INCOTERMS

- C terms: Exporter nominates the forwarder to deliver to foreign port; control of compliance, shipment to foreign destination, payment.
- D terms: Exporter delivers to buyer's door. Full control. Risks overseas.



## Understanding Logistics

- Risk Mitigation
  - Additional costs due to INCOTERM selection
- Payment Risks related to payment instrument
- Cargo Insurance
  - Deficiencies in standard E&O/shipping coverage
    - Perils of the Sea
    - General Average/General Salvage



## Understanding Logistics

- Export Compliance
- Letter of Credit Compliance
- Trade Credit Insurance Compliance



## Export Documentation

