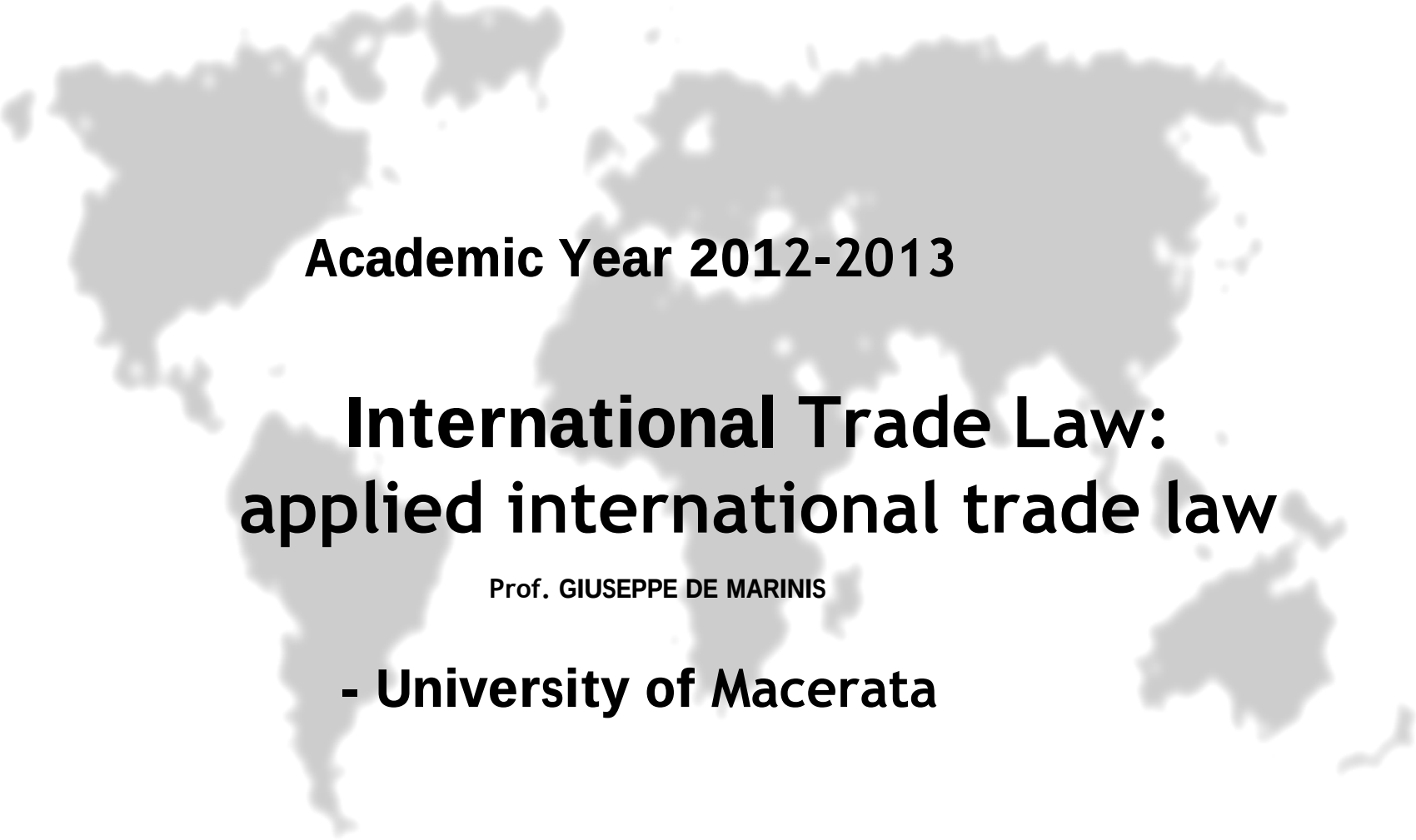


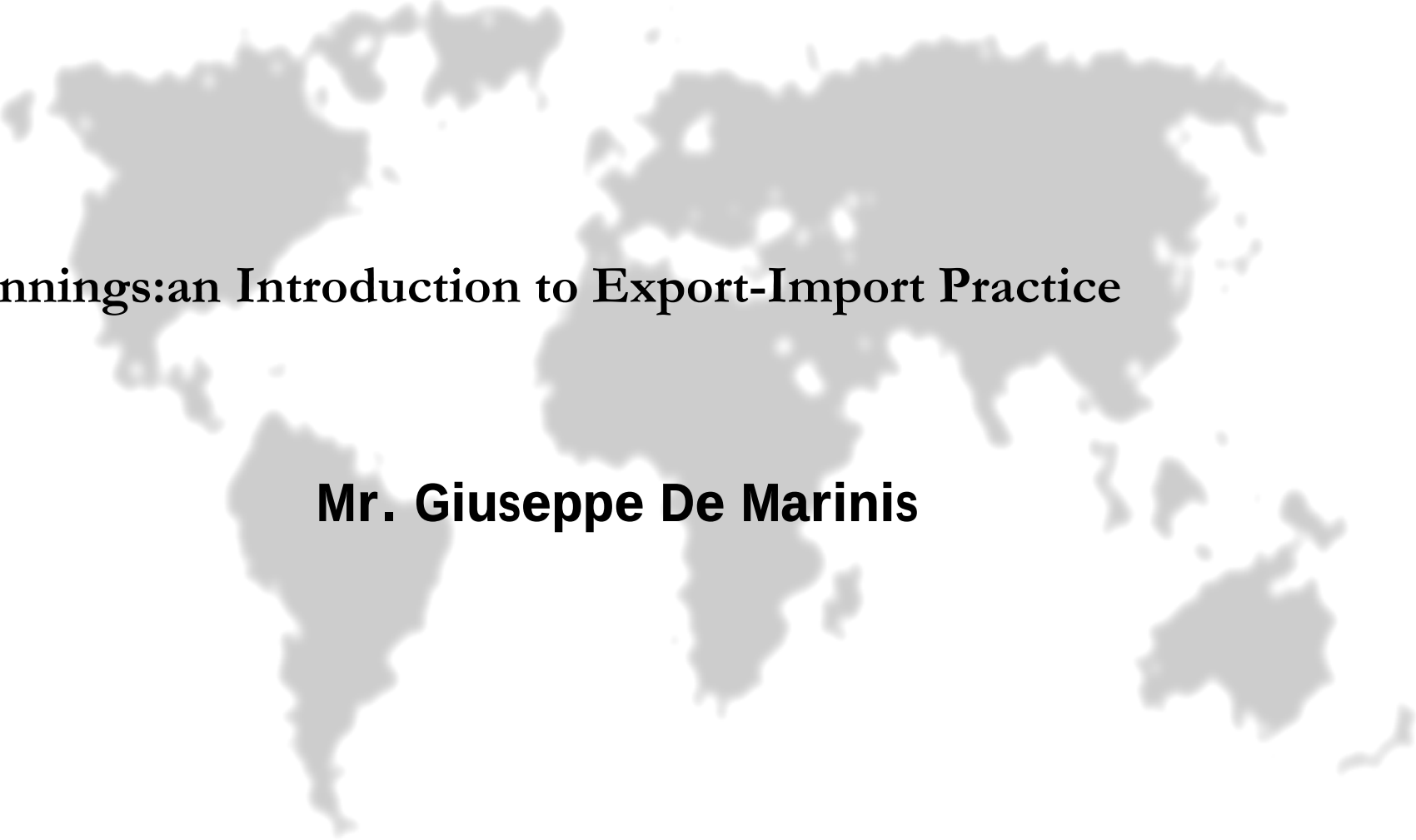


Academic Year 2012-2013

**International Trade Law:
applied international trade law**

Prof. GIUSEPPE DE MARINIS

- University of Macerata

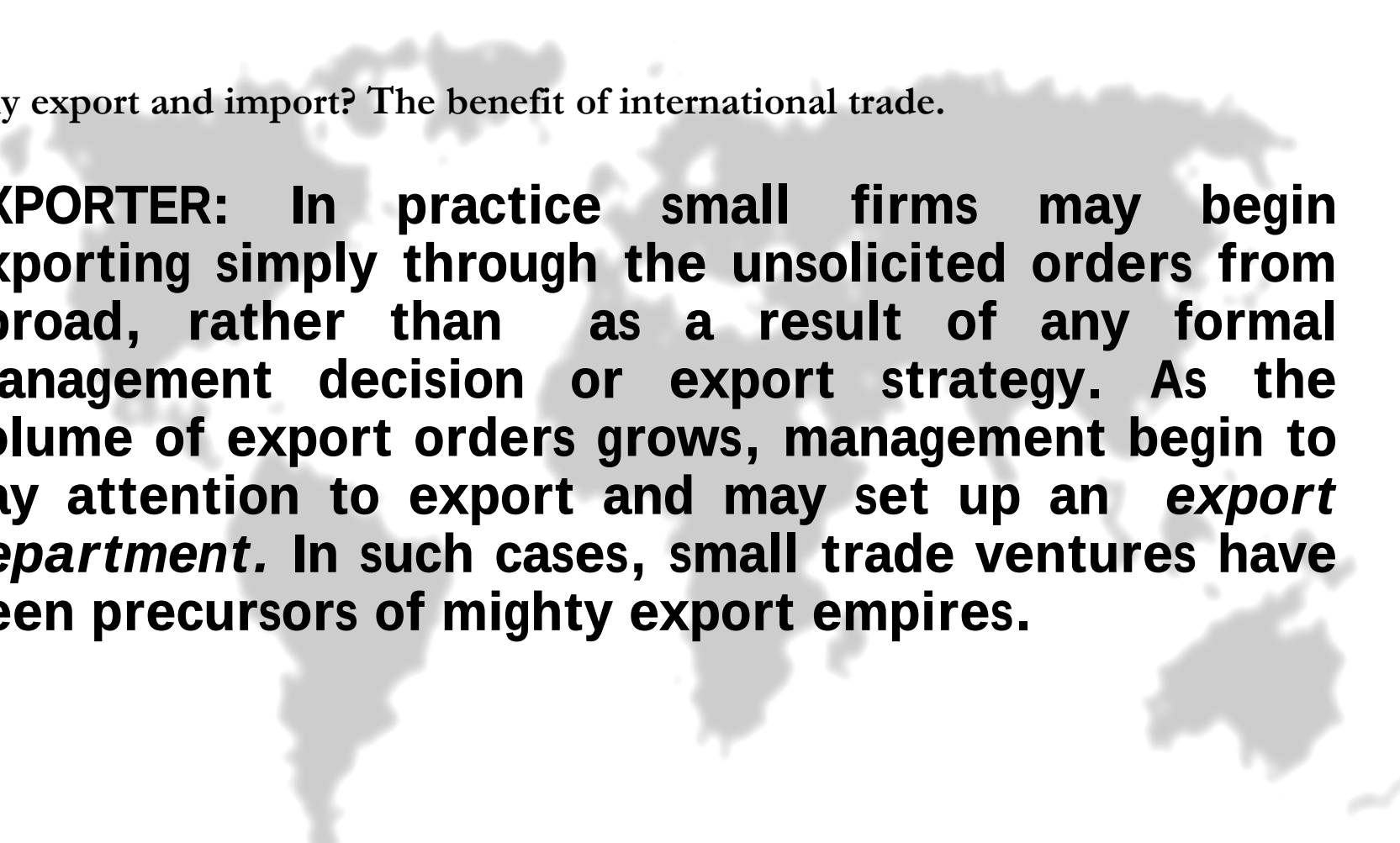


Beginnings:an Introduction to Export-Import Practice

Mr. Giuseppe De Marinis

Beginnings:an Introduction to Export-Import Practice

- **The Basics: Professional exporter and importers increase profits and reduce risks by relying on time-tested practices and techniques. In particular, the exporter trade requires a mastery of the relevant contracts and documents. Thus, traders should understand how to construct an effective and complete contract of sale, since this “master” contract will in turn determine the other documents to be procured, such as the transport document (e.g. bill of lading), insurance policy, customs documents and payment-related documents (e.g. documentary credit)**



Why export and import? The benefit of international trade.

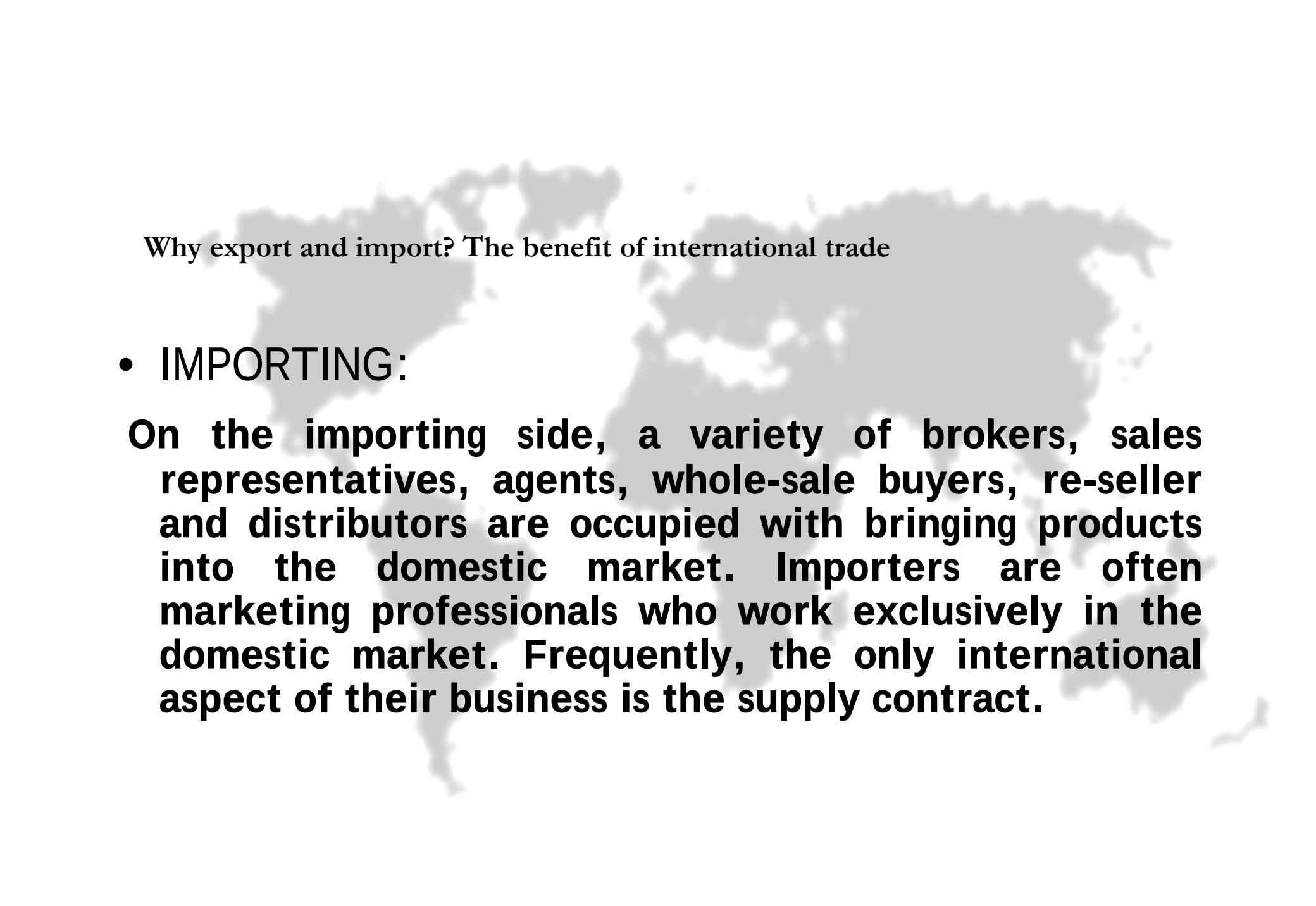
- **EXPORTER:** In practice small firms may begin exporting simply through the unsolicited orders from abroad, rather than as a result of any formal management decision or export strategy. As the volume of export orders grows, management begin to pay attention to export and may set up an *export department*. In such cases, small trade ventures have been precursors of mighty export empires.

Why export and import? The benefit of international trade

- **In today increasingly integrated global markets, many companies adopt an export programme as a necessary part of competitive strategy, i.E. “Export or die”**
- **Another attraction of exporting is that selling in more than one country diversifies risk, because the firm is no longer wholly dependant on sales from any single market.**
- **Exporting also tends to diminish the impact of a domestic deceleration in sales, because the life cycle in foreign export markets tends to lag behind that of the domestic market.**

Why export and import? The benefit of international trade

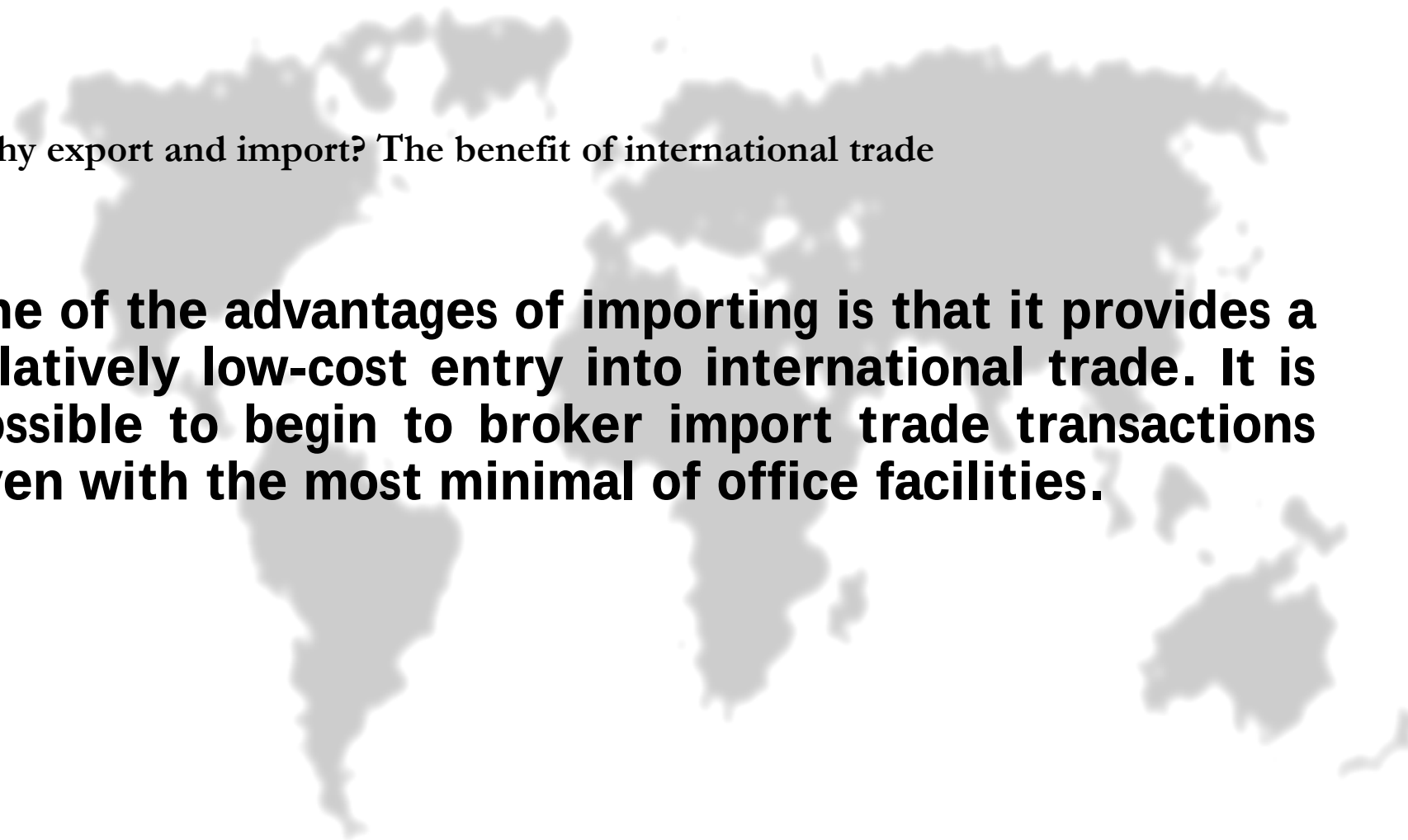
- **Since governments consider strong exports to be essential for healthy economy, most countries provide a variety of public support services for exporting firms.**

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Why export and import? The benefit of international trade

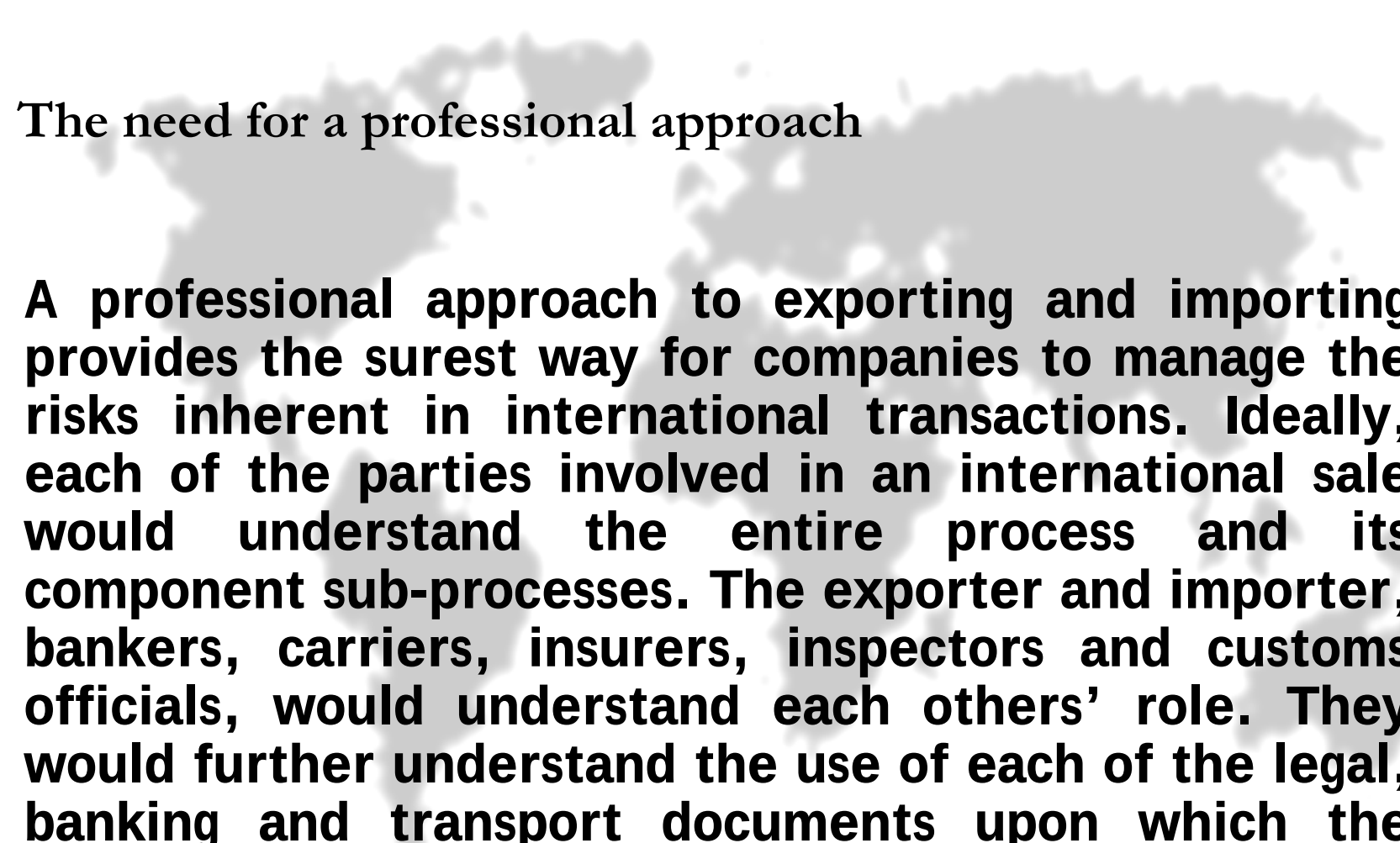
- **IMPORTING:**

On the importing side, a variety of brokers, sales representatives, agents, whole-sale buyers, re-seller and distributors are occupied with bringing products into the domestic market. Importers are often marketing professionals who work exclusively in the domestic market. Frequently, the only international aspect of their business is the supply contract.



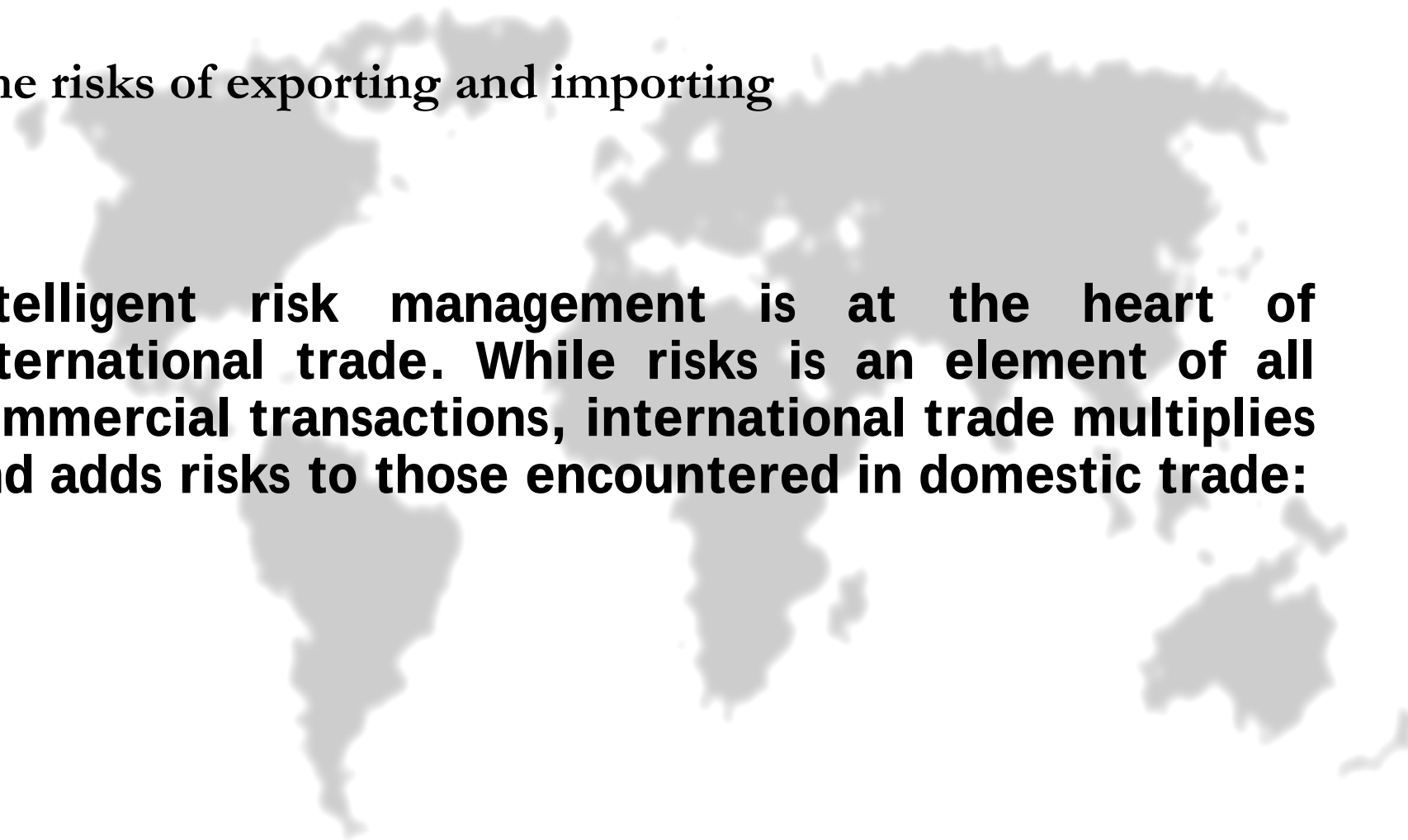
Why export and import? The benefit of international trade

- **One of the advantages of importing is that it provides a relatively low-cost entry into international trade. It is possible to begin to broker import trade transactions even with the most minimal of office facilities.**



The need for a professional approach

- **A professional approach to exporting and importing provides the surest way for companies to manage the risks inherent in international transactions. Ideally, each of the parties involved in an international sale would understand the entire process and its component sub-processes. The exporter and importer, bankers, carriers, insurers, inspectors and customs officials, would understand each others' role. They would further understand the use of each of the legal, banking and transport documents upon which the transaction is grounded.**

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The risks of exporting and importing

- **Intelligent risk management is at the heart of international trade. While risks is an element of all commercial transactions, international trade multiplies and adds risks to those encountered in domestic trade:**

The risks of exporting and importing

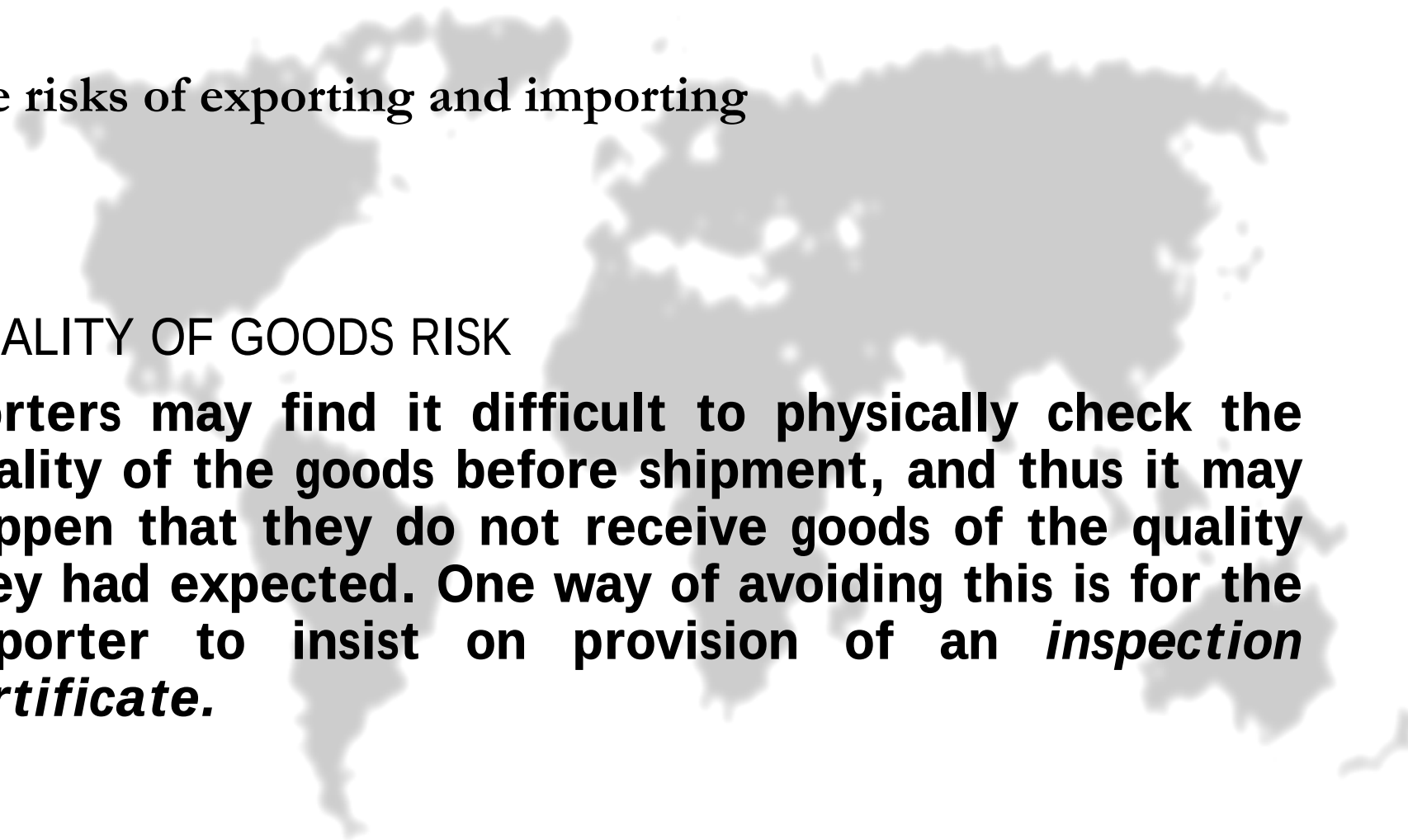
- **TRANSPORT-RELATED RISKS: International transportation tends to involve greater distances, with cargo often changing hands or undergoing prolonged storage, so that there is a greater risk of damage, loss or theft, than in domestic trade.**



The risks of exporting and importing

- CREDIT RISK OR NON-PAYMENT RISK

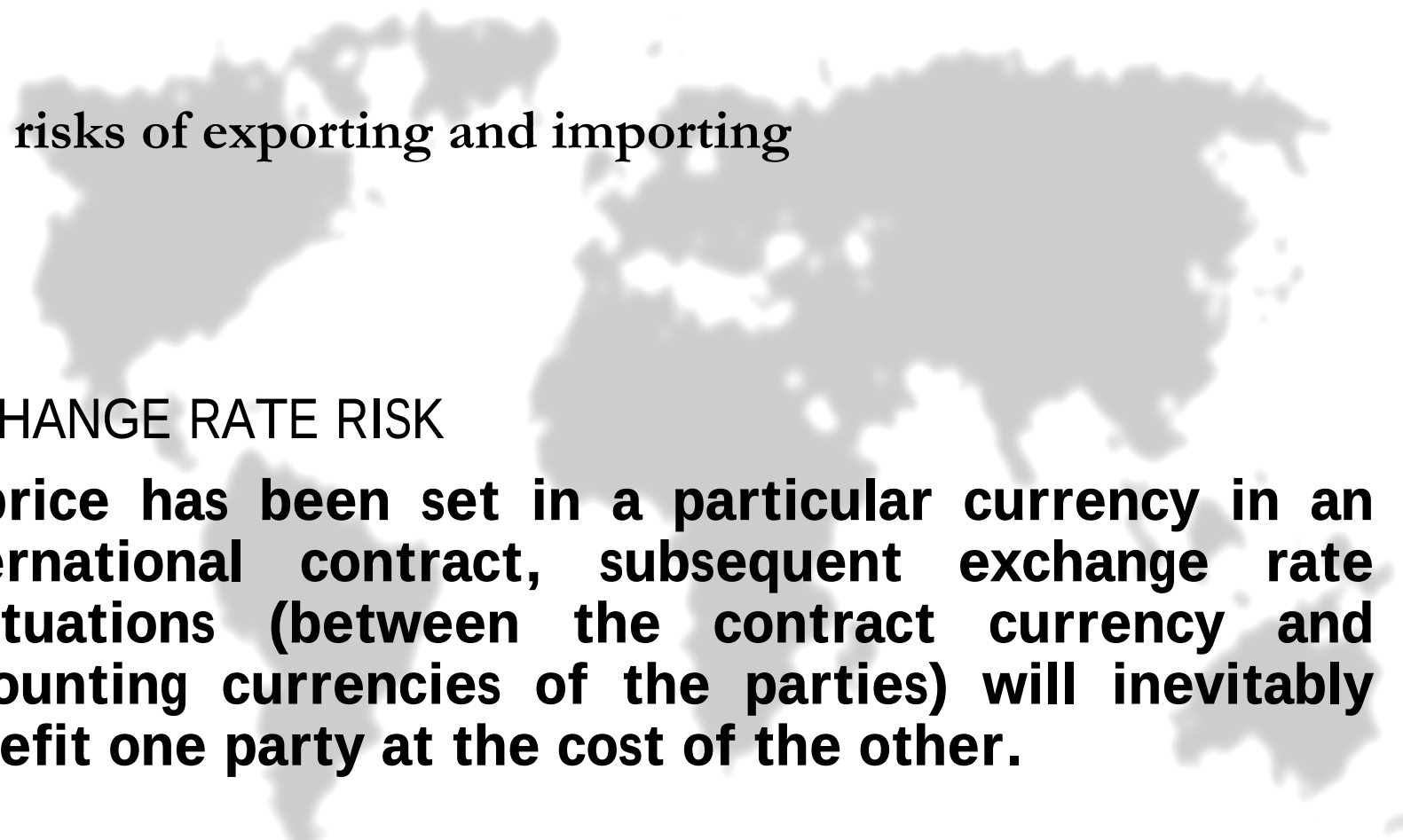
Since it is often difficult for exporters to verify the creditworthiness and reputation of foreign buyers, there is an increased risk of non-payment, late payment, or outright fraud

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The risks of exporting and importing

- QUALITY OF GOODS RISK

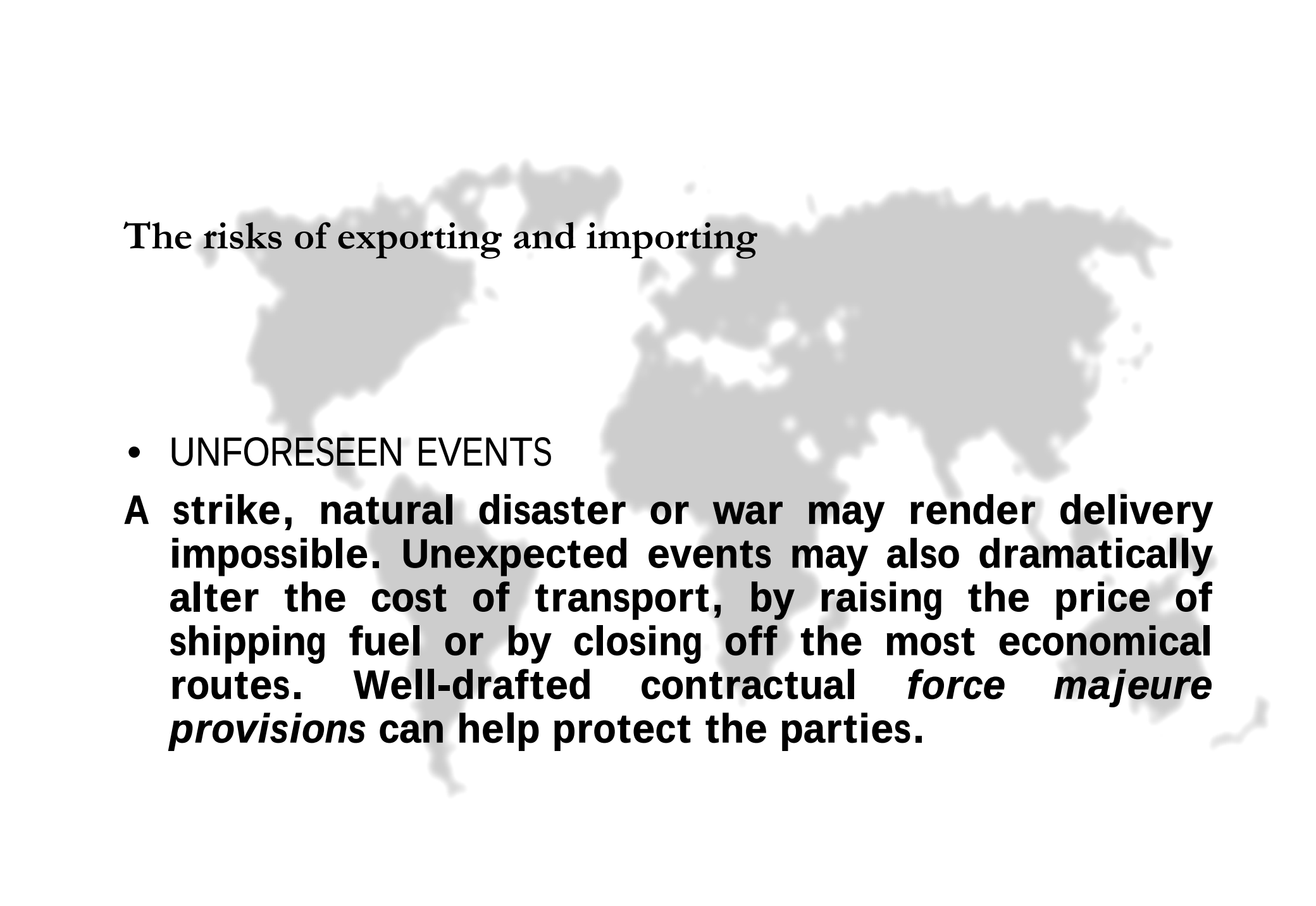
Importers may find it difficult to physically check the quality of the goods before shipment, and thus it may happen that they do not receive goods of the quality they had expected. One way of avoiding this is for the importer to insist on provision of an *inspection certificate*.



The risks of exporting and importing

- EXCHANGE RATE RISK

If a price has been set in a particular currency in an international contract, subsequent exchange rate fluctuations (between the contract currency and accounting currencies of the parties) will inevitably benefit one party at the cost of the other.

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The risks of exporting and importing

- UNFORESEEN EVENTS

A strike, natural disaster or war may render delivery impossible. Unexpected events may also dramatically alter the cost of transport, by raising the price of shipping fuel or by closing off the most economical routes. Well-drafted contractual *force majeure* provisions can help protect the parties.

The risks of exporting and importing

- **LEGAL RISKS**

Foreign laws or regulations may change or be applied differently than in the past, impeding or frustrating the transaction. A customs licence may suddenly prove impossible to obtain.

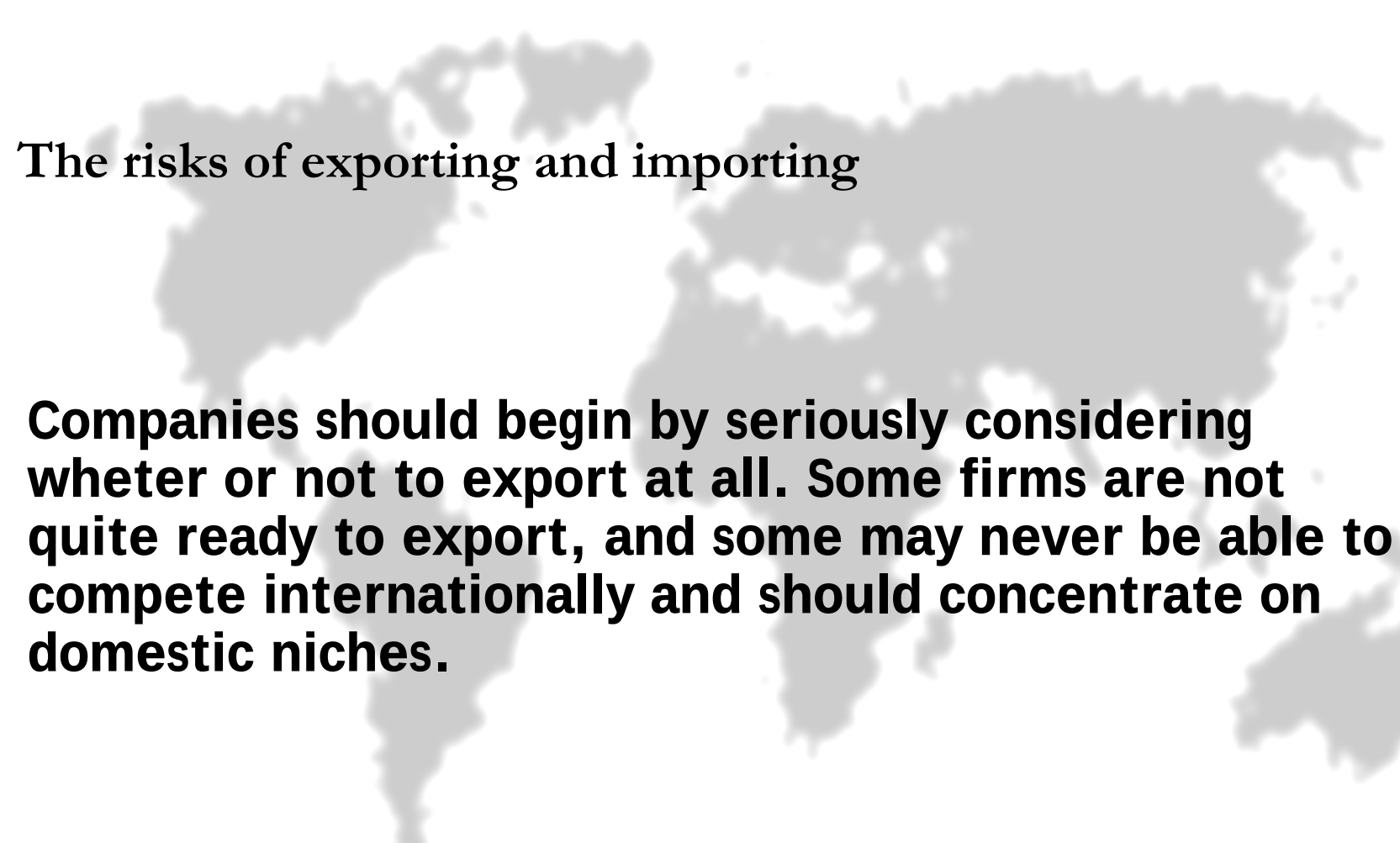
Moreover, whenever a contract is subject to the jurisdiction of foreign courts under foreign law, there arises the risk that it may prove impossible for the other party to obtain speedy justice in the event of a dispute.



The risks of exporting and importing

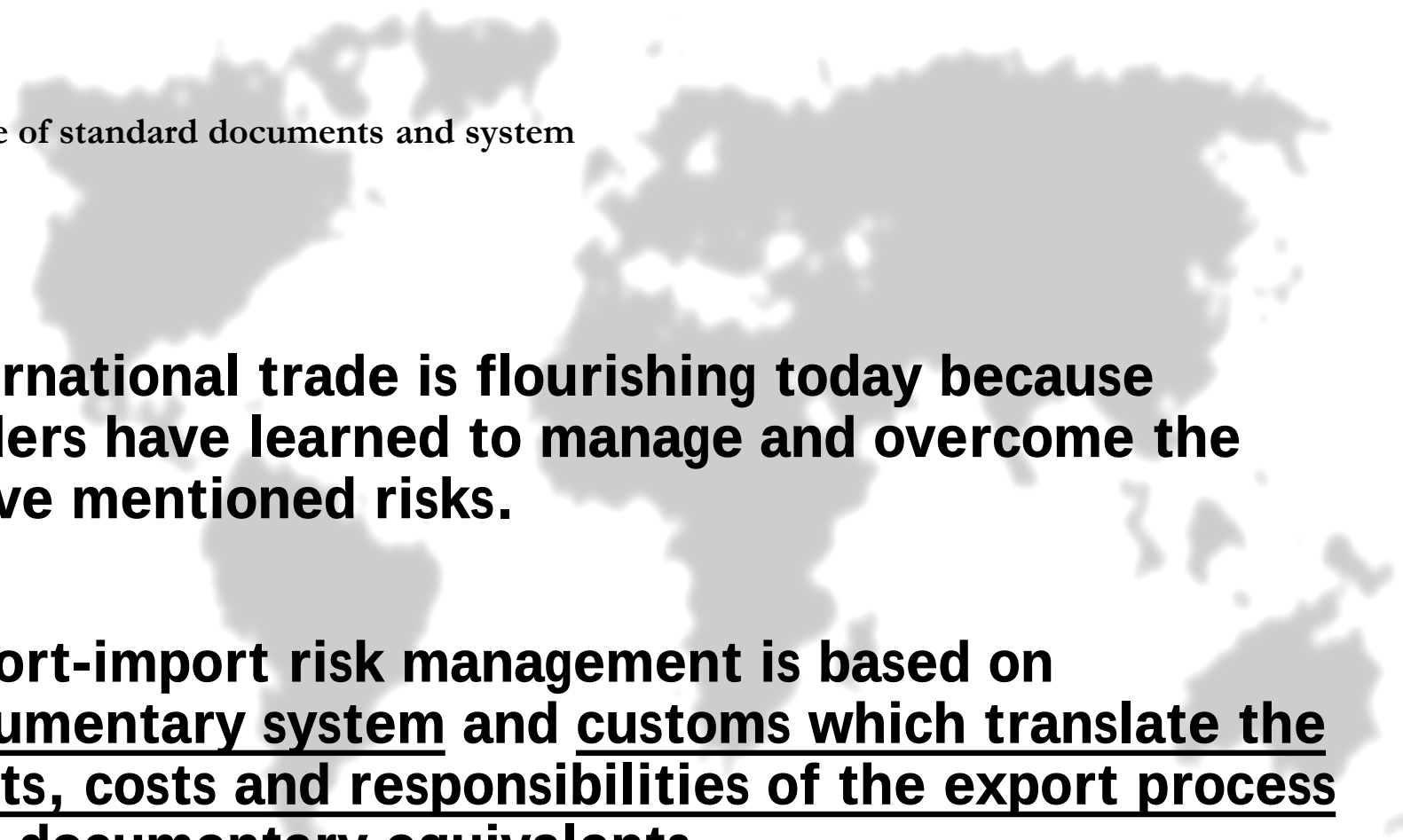
- **INVESTMENT RISKS**

The normal commercial risks involved in marketing any product become magnified in the export context because of the additional investments required by an export programme. For example, a market which has been steadily growing for several years may suddenly decline (e.G., Due to exchange rate instability), before an exporter can amortize investments in local distribution.



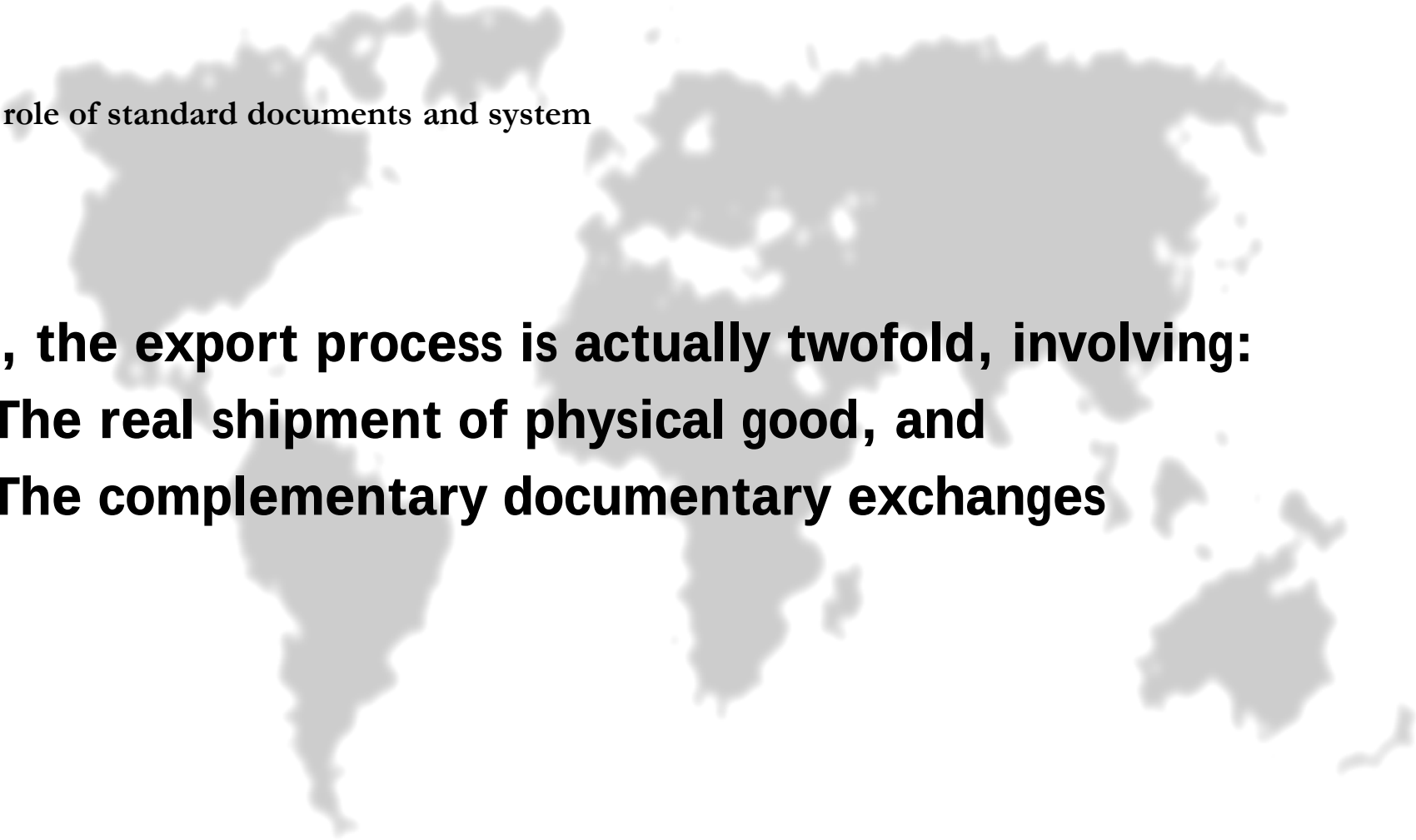
The risks of exporting and importing

- **Companies should begin by seriously considering whether or not to export at all. Some firms are not quite ready to export, and some may never be able to compete internationally and should concentrate on domestic niches.**



The role of standard documents and system

- **International trade is flourishing today because traders have learned to manage and overcome the above mentioned risks.**
- **Export-import risk management is based on documentary system and customs which translate the rights, costs and responsibilities of the export process into documentary equivalents.**



The role of standard documents and system

Thus, the export process is actually twofold, involving:

- **The real shipment of physical good, and**
- **The complementary documentary exchanges**