

EXPORT GUIDELINES


How to simplify export logistics

How to use the guidelines


IN ORDER TO FACILITATE THE READING AND THE USE OF THESE GUIDELINES, WE DESIGNED THEM ALONG THE SAME LINES.

The guidelines are classified in 6 categories:


- **NUMBER OF THE GUIDELINES + HASHTAGS** indicates the number of the guideline and 4 hashtags specify main key-words.
- **OBJECTIVES** defines the goal of the guideline.
- **DESCRIPTION** presents the main subjects that will be developed in the "content" section.

GUIDELINE 

#hashtag

OBJECTIVES 

Goal of the guideline.

DESCRIPTION 



• Main subjects

- **CONTENT** develops the topics written in "description".
- **TIPS & TRICKS** gives you general advice following the topic of the guideline.


TIPS AND TRICKS

Advice following the guideline.

- **FURTHER INFO** helps you to go further by following the useful links to find more by yourself or gives you experts' contacts.

FURTHER INFO  

Useful links:
 Contact person:
 Name Surname - function
 Email: name@agency.com | Mobile : + 32 0 000 000

 We hope that you will enjoy the reading and that they will be helpful for your exporting projects. We wish you good luck and lots of achievements.

#17 Logistics and international transport

#17

GUIDELINE

#logistics
#administrative
#international
#steps

OBJECTIVES

A chronological line-up of the administrative steps to be taken in order to succeed in your exportation.

DESCRIPTION

• 12 chronological administrative steps

CONTENT

12 CHRONOLOGICAL ADMINISTRATIVE STEPS

1. When you have the intention to export your goods to a country outside the European Union, you must, first of all, inform yourself about two important aspects :

A) *The formalities or documents required by the Buyer's country.* Example: is the country of destination imposing the submission of a Phytosanitary Certificate? Or are there trade barriers such as «Import Quota» ?...)

Notice: Your Buyer and/or your Forwarder could give you needful information with regard to the requirements, imposed by the country of destination.

B) *The steps to be taken vis-à-vis the Belgian authorities (federal, regional or sectorial).* Example : is the country of departure imposing the submission of an export license, or a specific certificate, before your goods leave the territory?

2. After a foreign Buyer, who is interested in your product, is asking you for a price offer:

You (= Seller/Exporter) send a price quotation to the Buyer, in which you stipulate, in addition to the nature and quantity of your goods:

- the price
- the Incoterms
- the validity of that price
- the payment conditions: the Seller should carefully consider the relationship of trust with the Buyer, and then verify (if necessary: with the Bank) what is the most suitable option: prepayment, payment 30 days after delivery date, letter of credit, documentary collection.
- the applicable law and competent court.

Notice: Mention in your offer the following clause : «If you (the Buyer) would need certain specific documents from me, then please name them clearly before proceeding with the Purchase Order». Example of Buyer's interest in specific docs : a Certificate of Origin, issued by the Seller, might help the Buyer to get a reduction on the duties to be paid from the import authorities.

3. After the Buyer has accepted your price offer with its conditions, the Purchase Order can be drafted (to be issued either by the Buyer, or by the Seller).
4. In order to avoid misunderstandings, it is recommendable that the Seller should draw a Sales Contract. Particular clauses: the same as in the Price Offer, + add to it:
 - delivery period
 - stipulate the moment of transfer of ownership.
 - include a «force majeure» clause.
5. The seller makes arrangements for labelling the transport packaging of the cargo.
 - Labelling: so the cargo handlers (who execute a transloading “en route”) and the consignee (at final destination) can recognize the shipment. Don't forget a Portmark for sea-shipments!
 - Packaging:
 - If goods arrive at destination in damaged condition, caused by transport (unworthy packaging), the Seller is responsible. Even the cargo insurers will then not indemnify.
 - For wooden packaging (case, crates, pallets), the country of destination may demand Fumigation before you put the cargo into the means of transport.
6. After the delivery date has been agreed on, the Merchant makes arrangements for the Main Transport:
 - In case of Incoterms CPT/CIP/DAP/DPU/DDP/CFR/CIF, it is the Seller who books such transport.
 - In case of Incoterms EXW/FCA/FAS/FOB, it is up to the Buyer to book such transport.

Choice of transport :

- For container shipments: check with your Carrier for comparing the Full Container transport price with the Groupage-price.
 - The Full Container Load has to be closed with a solid Bold Seal.
 - For any truck transport: beware that the Exporter is jointly responsible when the trucks' cargo exceeds the maximum permitted weight.
7. The seller takes out a Cargo Insurance: mandatory for CIP and CIF transactions.
 - For transactions under all nine other Incoterms-rules, it is strongly recommended that the Merchants subscribe to a Cargo Insurance Policy.
 - It would be wise to discuss with the Insurer whether it is advisable to take out a “Seller's Contingency Policy”: if the goods are lost or damaged at the time when the risk was already transferred to the Buyer, and the Buyer refuses to pay the Commercial Invoice, then the Seller can fall back on its Contingency Insurance.
 8. Establishment of the Transport Document: in many cases, the Transport Document serves as Proof of Delivery (examples: Bill of Lading, or CMR) and should then be shown to the counterparty.
 - Note: in case of shipment of hazardous goods, it is always the Seller (Exporter) who has to be compliant with the legal directives when such a dangerous cargo leaves its warehouse (= «ADR» for road trucking; «IMDG» for sea transport).
 - Note: in case of shipment of Full Containers by sea, a «Verified Gross Mass», issued by the Exporter is needed (= Certificate, declaring the weight of the cargo including dunnage and bracing plus the tare weight of the container carrying this cargo. This document is to be given to the shipping line before vessel loading.)

9. The seller issues the Customs Document that must accompany the goods in view of export to a non-EU-country. (Exception: with EXW, it is the Buyer who has to instruct a Customs Broker in the exporting country to fulfill the Export Formalities.)

- Note: the Seller should always keep in mind that any Export Customs Document (example: EX-A) should be joined with its (quarterly) VAT-declaration. Result: the Seller doesn't have to pay any local VAT because the Export Docs prove that goods have left the E.U.
- Note: Excise formalities have to be fulfilled for transport to any foreign country (including EU-countries).

10. Seller issues any Certificate that is required to complete the logistic operation:

- certificate of Conformity
- clean Report of Findings
- certificate of Origin
- phytosanitary Certificate
- fumigation Certificate

11. Notifications : the Seller must give the Buyer any notice required to enable the Buyer to receive the goods:

- with FCA-transaction: the Seller has to inform the Buyer when the goods are available for delivery.
- with DAP-transaction: the Seller has to inform the Buyer when the goods will arrive at the agreed place. As such, the Buyer will be able to plan for the unloading operation in time.

12. The Seller issues the Commercial Invoice (+ packing list if necessary). The Commercial Invoice shall mention most definitely:

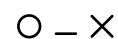
- the nature and quantity of the goods.
- the price.
- the Incoterms.
- the payment conditions.
- the moment of transfer of ownership.
- the applicable law and competent court.

Invoice to be sent to the Buyer: at the latest on the delivery date, together with any Packing List and/or any kind of Certificates. (About the Certificate of Insurance: only with CIP and CIF transactions, it is mandatory to send it to the Buyer.)

TIPS AND TRICKS

- Entrust your business to a Freight Forwarding Company. A freight forwarder:
 - is able, by using its international network, to give you information about directives and costs in the importing country.
 - can arrange Carriages and make the relating Transport Documents.
 - can fulfill Customs Formalities and assist you if any physical Customs Control or (Security) Scanning is required.
 - can assist you in making any kind of Certificates and/or Licenses.
 - can take out Cargo Insurance (if needed).

FURTHER INFO

**Useful links:**

- Exporting from the EU: all you need to know.
<https://trade.ec.europa.eu/access-to-markets/en/home>
- For export licenses concerning dual use products/ arms/ ammunitions:
SPF Justice: armes@just.fgov.be – Tel. 02/5426511
Request for license at Brussels Internat.: calu@sprb.brussels – Tel. 02/800 37 27
- For export licenses concerning other goods:
SPF Economie: info.eco@economie.fgov.be – Tel. 0800/12033
- Truck transport : info available in French and Dutch.
<https://www.code-de-la-route.be/fr>
<https://www.wegcode.be/nl>

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#18 The Incoterms

#18

GUIDELINE

#international
#contracts
#terms
#recommendations

OBJECTIVES

In 1936, in order to avoid discrepancies and misunderstandings in the interpretation of trade terms between seller and buyer, the International Chamber of Commerce (ICC) created the universal and codified standard-rules: the Incoterms, derived from "*international commercial terms*". Since 1980, there is an update every 10 years to adapt the rules to changing practices.

DESCRIPTION

- Fields of action
- Why is it recommended to use them?
- They do not deal with the following
- 11 incoterms
- Which of the 11 rules is preferable for sellers?

CONTENT

FIELDS OF ACTION

Standard rules: EXW /FCA /FAS /FOB /CFR /CIF /CPT/ CIP /DAP /DPU / DDP (The acronyms are listed here in ascending order of cost, starting from the least expensive for the Seller's account and progressing to the most expensive).

It is strictly recommended to always mention the selected incoterms in:

- Sales offer (issued by seller)
- Purchase order confirmation (issued by buyer)
- Sales contract (issued by buyer)
- Commercial invoice (issued by seller)

The dividing of tasks, costs and transfer of risks:

Dividing of tasks:

who (Seller or Buyer) must take care for the customs formalities.

who (Seller or Buyer) must take out a cargo insurance.

Dividing of costs:

who (Seller or Buyer) must pay what kind of handling costs.

who (Seller or Buyer) has to take the freight cost for their account, and starting from which particular point.

Transfer of risks:**what is the critical point in the scope of the supply of merchandise.**

who (Seller or Buyer) is liable in case of damage or loss.

Incoterms are always used in B2B context, with the obligation to deliver movable goods. They are not applicable for the sale of services/projects, electronic data, consignment or rent.

Within the context of both domestic and international sales agreements. (US market for example.)

WHY IS IT RECOMMENDED TO USE THEM?

- Because they are universal trade terms. Merchants all over the world understand the meaning of the acronyms.
- By reading and agreeing to such acronym, both Seller and Buyer know automatically who will arrange for the transport, who will bear the risk during the transport, who will have to carry out the customs formalities, etc.
- So, by applying the ICC Incoterms, the Merchants don't need to elaborate on the above mentioned conditions in their transactions, they are already integrated in the acronyms.
- Beside Merchants, Forwarders, Customs Brokers, Lawyers, Bankers, Carriers, Custom Authorities are also familiar with the acronyms. (Example: When Merchants, who apply the ICC Incoterms, do business with the assistance of a Forwarder (which is always advisable!), the latter will immediately recognize what rule applies. In principle, the Forwarder will be able to give a price offer that is tailor-made according to the acronym indicated by its client.)

THEY DO NOT DEAL WITH THE FOLLOWING

- Whether there is a contract of sale or not. (If such contract exists: Incoterms do not regulate neither the duration amendment, termination of the sales agreement, nor the remedies in case of contract breach.)
- Force majeure or hardship.
- The transfer of ownership of the sold goods.
- The payments conditions with regard to the sold goods.
- Revenue recognition.
- The applicable law /competent court with regard to the transaction of goods.
- Export or Import prohibitions.
- Intellectual property rights.

11 INCOTERMS

7 Incoterms® Rules applicable for any mode of transport:

EXW / FCA / CPT / CIP / DAP / DPU / DDP

4 Incoterms® Rules applicable for sea and inland waterway transport:

FAS / FOB / CFR / CIF

Ex Works

EXW = applicable for any mode of transport.

The Seller has to make the goods available at a named place (= in general: the Seller's own premises).

The risks are transferred as soon as the Seller has clearly informed the Buyer that the goods are available for taking delivery. The Buyer bears ALL risks and costs including: the loading at the Seller's premises, the export formalities if any.

Advice: EXW can only be used in case of inland/ intra-community delivery (= for example: EU)

Free Carrier

FCA = applicable for any mode of transport.

The risks and costs are borne by the Seller:

- in case of "FCA Seller's Premises": up to and including the loading on the carrier, nominated by the Buyer.
- in case of "FCA Elsewhere": until goods are put at the disposal of the Buyer in the agreed place of delivery, ready for unloading.

Export formalities if any: at the Seller's risk and cost.

Import formalities if any: at the Buyer's risk and cost.

Carriage Paid To

CPT = applicable for any mode of transport.

The risks are borne by the Seller: up to and including the loading on the FIRST carrier (unless otherwise agreed).

ICC's advice to the Merchants: please indicate the place of "delivery" (= place of risk transfer) along with the point of destination in the sales contract, as detailed as possible.

The costs are borne by the Seller: up to arrival on board of the carrier, at the agreed point of destination, ready for unloading by the Buyer.

Export formalities if any: at the Seller's risk and cost.

Import formalities if any: at the Buyer's risk and cost.

Note: The final place of receipt in the importing country does not necessarily have to be an inland point; alternatives may also be agreed upon, such as: a seaport (instead of an inland city).

Carriage and Insurance Paid to

CIP followed by an agreed place of destination.

Compared with CPT, CIP imposes just one additional obligation to the Sellers: they have to arrange a contract of insurance at their own cost, to cover the Buyer's risks during the transport.

Insurance cover will comply with Institute Cargo Clauses A (= all risks covered, according to the "English Policy"), or similar conditions provided by a another reputed insurer.

The amount of the insurance must be at least 110% of the value mentioned in the sales contract.

Delivered At Place

DAP = applicable for any mode of transport.

The risks and costs are borne by the Seller: up to arrival on board of the carrier, at the agreed point of destination, ready for unloading by the Buyer.

Export formalities if any: at the Seller's risk and cost.

Import formalities if any: at the Buyer's risk and cost.

Delivered at Place Unloaded

DPU = applicable for any mode of transport.

The risks and costs are borne by the Seller: up to arrival at the agreed point of destination. Goods are unloaded by the Seller.

DPU is appropriate in case of delivery of the goods in a deconsolidation hub (on their way between the Seller and the Buyer's premises). But final delivery at the Buyer's own premises is also allowed.

Export formalities if any: at the Seller's risk and cost.

Import formalities if any: at the Buyer's risk and cost.

Delivery Duty Paid

DDP = applicable for any mode of transport.

The risks and costs are borne by the Seller: up to arrival on board of the carrier, at the agreed point of destination, ready for unloading by the Buyer.

Export formalities if any: at the Seller's risk and cost.

Import formalities if any: at the Buyer's risk and cost.

Note: the Seller may encounter practical difficulties in terms of customs import clearance (the Seller will be mentioned in the import clearing document as the "Addressee". The Seller will have to pay import duties and taxes imposed by the country of destination!).

In general, DAP is to be preferred above DDP.

Free Alongside Ship

FAS = applicable for Sea (or inland Waterway)

The use of FAS is appropriate for non containerized goods and /or bulk cargo.

The risks and costs are borne by the Seller: up to arrival on board of the carrier, at the agreed point of delivery = the port of loading, where the goods will be put alongside a vessel, nominated by the Buyer.

So, taking the goods on board of the vessel is at Buyer's risk and cost.

Export formalities if any: at the Seller's risk and cost.

Import formalities if any: at the Buyer's risk and cost.

Free on Board

FOB = applicable for Sea (or inland Waterway) transport.

The use of FOB is appropriate for non containerized goods and /or bulk cargo.

The risks and costs are borne by the Seller up to arrival of the Seller's carrier, at the agreed point of delivery = the port of loading, where the goods will be loaded at Seller's risk and cost on board of a vessel, nominated by the Buyer.

Export formalities if any: at the Seller's risk and cost.

Import formalities if any: at the Buyer's risk and cost.

Notice: Usances of the Port (= locally determined provisions) prevail over the Incoterms rules.

Cost and Freight

CFR = applicable for sea (and waterway) transport only.

The use of CFR is appropriate for non containerized goods and /or bulk cargo.

The risks and costs are borne by the Seller: up to and including the loading on the sea ship.

ICC's advice to the Merchants: indicate the place of "delivery" (= place of risk transfer, example: Rotterdam along with the port of destination) in the sales contract, as detailed as possible.

The costs are borne by the Seller: up to arrival on board of the carrier, at the agreed port of destination, ready for unloading by the Buyer

Export formalities if any: at the Seller's risk and cost.

Import formalities if any: at the Buyer's risk and cost.

Cost, Insurance and Freight

CIF, followed by an agreed port of destination.

Compared with CFR, CIF imposes just one additional obligation to the Sellers: they have to arrange a contract of insurance at their own cost, to cover the Buyer's risks during the sea voyage.

Insurance cover will comply with Institute Cargo Clauses C (= limited risks covered, according to the "English Policy"), or similar conditions provided by another reputed insurer.

The amount of the insurance must be at least 110% of the value, mentioned in the sales contract.

WHICH OF THE 11 RULES IS PREFERABLE FOR SELLERS?

It depends on a number of factors...

- if the Sellers don't want to be involved in transport, they can opt for EXW (for domestic transactions) or FCA (for international transactions), or FAS/FOB (for waterway shipments).
- if the Sellers have a good relationship with the Carriers, they can opt for CPT/CIP/DAP/DPU (with regard to the multimodal rules, DDP is inadvisable because then, the Sellers must do the import clearance in the destination country as well), or CFR/CIF (with regard to the maritime rules. In all these cases, the Sellers arrange and pay for the freight rate with the Carrier and can mark up the transport price in their commercial invoice to the Buyer.
- if the Sellers want to give maximum service with minimum risk: then they can use CIP (multimodal) / CIF (maritime). With CIP, the Sellers will arrange for the transport to the named place of destination, but the risk will already be transferred by handing over the goods to the Carrier in the export country. Although the Buyer bears the transport risk, it is the Seller who will subscribe and pay a cargo insurance policy (risks covered to the named place of destination). The paid premium will be integrated in the commercial CIP invoice. Same principle with CIF, but now "named port of destination" instead of "named place of destination". And read at the end: "CIF-invoice".
- Considering the Buyer's payment policy: if the Sellers want to have maximum certainty that their commercial invoice will be paid:
 - when the Buyer agrees that the invoice will be paid before delivery: all 11 Incoterms rules are appropriate.
 - If the Seller doesn't know the Buyer quite well, which would cause doubts about the rightful payment of the invoice, then the Seller could ask the Buyer for a Letter of Credit with regard to the planned transaction. An L/C is ideally compatible with the Incoterms C rules (CPT/CIP/CFR/CIF). The Bank will pay the commercial invoice as soon as the Seller has delivered the goods to the carrier in the exporting country. So, the Seller doesn't have to wait for payment until the cargo arrives at destination.
 - If the Seller has a long standing/strong relationship with a trusted Buyer, then all 11 Incoterms rules can be applied; in all circumstances, the payment conditions must clearly be stipulated in the sales contract and the commercial invoice!

TIPS AND TRICKS

- The incoterms-rules are not mandatory law! Legislative provisions, enacted by governments, prevail over incoterms. Given that Incoterms are no legislative obligation, the Merchants are still free to issue transactions without using the Incoterms rules.

Caution: by not using them, Merchants will have to be very careful with the stipulation of a lot of particular conditions. Any sales contract that would not adequately be drafted provokes disputes!

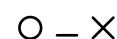
- When you apply the actual I.C.C. Incoterms for your commercial transaction, you must state in the price offer/ sales contract/ commercial invoice: the chosen acronym, followed by the named place (as detailed as possible), followed by "Incoterms 2020". (Example: FCA Bruxelles, Trimodal Terminal, Quay Léon Monnoyer, Incoterms@2020.)

If you don't add "Incoterms@2020" to the chosen acronym, then you will have to describe your own interpretation of the meaning of FCA.

The place of delivery = the place where the risks are transferred from Seller to Buyer. In the above example, the place of delivery is: Bruxelles, Trimodal Terminal.

- The C rules (CPT/CIP/CFR/CIF) is the only group where the risks are transferred at an earlier stage, in comparison with the moment of cost transfer.
- As incoterms determine your price: when hesitating between CIF and FOB, it's better to use FOB when exporting in US, and CIF everywhere else.

FURTHER INFO



Useful links: /

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#19 The origin of goods

#19

GUIDELINE

#origin
#goods
#preferential
#non-preferential

OBJECTIVES

How to determine the origin of goods and how it can influence your export costs.

DESCRIPTION

- The non-preferential and preferential origin of goods
- Free Trade Agreements and autonomous preferential arrangements
- Rules of origin

CONTENT

THE NON-PREFERENTIAL AND PREFERENTIAL ORIGIN OF GOODS

Non-preferential origin: is used for all kinds of commercial policy measures.

Preferential origin: Preferential origin is conferred on goods from particular countries, which have fulfilled certain criteria allowing preferential rates of duty to be claimed. When signing Free Trade Agreements (FTA), partner countries or territories may grant each other reductions on those duties (tariff preferences). Goods do not always have a preferential origin. When they do, their origin is EU or a partner country.

FREE TRADE AGREEMENTS AND AUTONOMOUS PREFERENTIAL ARRANGEMENTS

FTA: A free trade agreement is a pact between two or more nations to reduce barriers to imports and exports between them.

RULES OF ORIGIN

A product keeps its origin unchanged until it is sufficiently worked or processed. The origin protocols may differ from one agreement to another. Goods may have a preferential origin within the framework of a specific agreement while having no preferential origin in the framework of another agreement.

Origin is determined according to whether the product is:

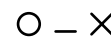
- A wholly obtained product: goods naturally occurring, live animals born and raised in a given country, plants harvested in a given country, minerals extracted or taken in a single country etc.
- Sufficiently worked or processed: a product is considered substantially transformed when it is classified in a heading or subheading (depending on the exact rule) different from all non-originating materials used.
- Insufficiently worked or processed: some operations shall be considered as insufficient working or processing to confer the status of originating products, whether or not the requirements are satisfied.

Eventually there can be a cumulation of origin: it makes easier to obtain preferential origin. In this context, sufficient working is not needed to obtain preferential origin. The acquisition of a preferential origin through the application of cumulation rules is always linked and limited to some FTA(s) and its/their contracting parties.

TIPS AND TRICKS

- Production of juice: simple bottling + labelling: if the fruits are from Brazil, and the process of bottling and labelling is done in Belgium, when sent to Canada, the origin of goods remains Brazil.

FURTHER INFO



Useful links:

- Access2Markets:
<https://trade.ec.europa.eu/access-to-markets/en/home>
- Contracting Parties to the PEM Convention:
https://ec.europa.eu/taxation_customs/business/calculation-customs-duties/rules-origin/general-aspects-preferential-origin/arrangements-list_fr

Contact person:

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