



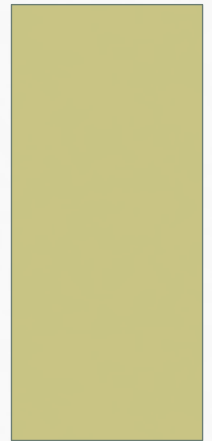
**Pellet
Fuels
Institute**
**Annual
Conference**

July 27-29, 2014
ORLANDO, FL

NAVIGATING THE EXPORT PELLET MARKET

GENERAL SESSION III
JULY 29, 2014

PRESENTED BY: ADAM MOOK – LOGISTICS PLUS, INC.



AGENDA

- Considerations Before You Export
- Incoterms ® 2010
- Common Export Documents
- U.S. Government Regulatory Agencies monitoring U.S. exports
- Federal and State Resources for U.S. Exporters

BEFORE YOU EXPORT

- What are the regulations/laws governing the exports from the U.S. of pellet fuels and machinery?
- What are the regulations/laws governing the imports into the EU of pellet fuel and machinery?
- How will I get paid for the items I plan to export?
- How should my product be packaged for international shipment from my plant to EU?
- Who will pay for the shipping costs (Buyer/Seller)?
- Who takes on the risk for loss and/or damage in shipment transit (Buyer/Seller)?
- What documentation do I need to provide for export?

WHO PAYS SHIPPING COSTS?

- Typical Export Shipment Costs (Seller's Side)
 - ✓ Packaging for Export
 - ✓ Loading on truck at seller's premises
 - ✓ Export Customs Declaration (AES EEI Filing)
 - ✓ Carriage to Port of Export
 - ✓ Unloading of Truck in Port of Export
 - ✓ Loading of Vessel/Plane in Port of Export
 - ✓ Main Carriage to Port of Destination
 - ✓ Cargo Insurance

WHO PAYS SHIPPING COSTS?

- Typical Export Shipment Costs (Buyer's Side)
 - ✓ Unloading Charges in Port of Import
 - ✓ Loading on Truck in Port of Import
 - ✓ Carriage to Place of Destination
 - ✓ Import Customs Clearance
 - ✓ Import Duty/Taxes
 - ✓ Cargo Insurance

WHO TAKES ON THE RISK?

- Does the seller or buyer have responsibility if the products are lost or damaged in transit?
- At which points could my goods get lost or damaged in transit?
 - ✓ At the seller's premises
 - ✓ At the buyer's premises
 - ✓ Anywhere in between these 2 points!
(i.e. door to export port, port to port, import port to door)

INCOTERMS® 2010

- These are internationally accepted commercial terms defining the respective roles and responsibilities (including costs) of the buyer and seller in the arrangement of transportation and other obligations
- **“Incoterms®” is a trademark of the International Chamber of Commerce (ICC)**
- A copy of the official ICC Incoterms 2010 publication can be purchased on the ICC website:

<http://www.iccwbo.org/incoterms/>

INCOTERMS® 2010

- Incoterms rules are key elements of international contracts of sale, since they tell the parties what to do with respect to:
 - Obligation to make carriage arrangements.
 - Division of costs and risks between buyer and seller relating to carriage of the goods.
 - Seller's obligation to deliver the goods and buyer's obligation to take delivery of the goods.
 - Export and Import Clearance.

INCOTERMS® 2010

- Provide a clear, universal set of standards for multilingual and multi-cultural usage. Incoterms are practical and are based on common global business practices.
- Incoterms rules specify which party – either the buyer or the seller – has the obligation to arrange for and cover the costs for transport carriage and trade compliance.

INCOTERMS® 2010

- **Incoterms Rules do not deal with:**
 - Transfer of property rights (i.e. ownership of the goods)
 - Payment Terms or revenue recognition in financial statements (i.e. getting paid by your buyer)
 - By themselves, Incoterms do not specify how goods are to be packed for shipment or how the goods are to be loaded and stowed onto transport equipment (i.e. in a container, on a truck, rail car, aircraft, ocean vessel, etc).

WHY ARE INCOTERMS RELEVANT?

- In a typical export shipment, the following sales contract considerations should be addressed:
 - Who handles the responsibility (cost & risk) from the seller's premises to the port of export?
 - Who handles export clearance and import clearance?
 - Which party handles the transport of the goods at the port of export on board the main carriage vehicle?

WHY ARE INCOTERMS RELEVANT?

- Which party handles the transport of the goods from port of export to port of destination?
- Who handles unloading at destination?
- Who handles Customs clearance at destination and import duties?
- Who handles inland transportation from port of destination to the buyer's location?

INCOTERMS® 2010

THE 11 RULES

The Incoterms 2010 rules are presented in two distinct classes:

RULES FOR ANY MODE OR MODES OF TRANSPORT	RULES FOR SEA AND INLAND WATERWAY TRANSPORT
EXW = Ex Works	FAS = Free Alongside Ship
FCA = Free Carrier	FOB = Free On Board
CPT = Carriage Paid To	CFR = Cost And Freight
CIP = Carriage and Insurance Paid To	CIF = Cost Insurance and Freight
DAT = Delivered at Terminal	
DAP = Delivered at Place	
DDP = Delivered Duty Paid	

INCOTERMS ® 2010

THE 11 RULES

Departure

EXW Ex Works (...named place of delivery) Incoterms 2010

Main Carriage Unpaid

FCA Free Carrier (...named place of delivery) Incoterms 2010

FAS Free Alongside Ship (...named port of shipment) Incoterms 2010

FOB Free on Board (...named port of shipment) Incoterms 2010

Main Carriage Paid

CFR Cost and Freight (...named port of destination) Incoterms 2010

CIF Cost, Insurance and Freight (...named port of destination) Incoterms 2010

CPT Carriage Paid To (...named place of destination) Incoterms 2010

CIP Carriage and Insurance Paid To (...named place of destination) Incoterms 2010

Arrival

DAT Delivered At Terminal (...named terminal at port or place of destination)
Incoterms 2010

DAP Delivered At Place (...named place of destination) Incoterms 2010

DDP Delivered Duty Paid (...named place of destination) Incoterms 2010

BLUE = Ocean Only Terms

RED = All Modes of Transport Allowed

EX WORKS (EXW)

EXW (...named place of delivery) Incoterms 2010

EXW

Ex Works ...(named place)

SELLER

BUYER



Seller/ Exporter Premises	Export Documents Formalities	Delivered at named place of: Container Yard/ Terminal/ Quay	Loading Port of Shipment	Onboard Ship Train Airplane	Discharging Port of Arrival	Delivery at named place of destination: Container Yard/ Terminal/ Quay	Import Documents Formalities	Buyer/ Importer Premises
Seller's Risks						Buyer's Risks		
Seller's Cost						Buyer's Cost		



PROFORMA INVOICE – EXW Named Place of Delivery

Export References: XYZ, Inc. quote number 1 Minas De La Alta Pimeria, S.A. DE CV purchase order number 28752		Expiration Date: 19-May-11		
Exporter Name and Address: XYZ, Inc. 123 Industry Dr. Erie, PA 16501-1821 USA		Ship To Name and Address: Pick Up		
Intermediate Consignee/Consigned to:		Sold To Name and Address: Minas De La Alta Pimeria, S.A. DE CV Calle California #5101 Despacho 110 Fracc Las Haciendas, Chihuahua, Chih. Mexico RFC: MAP-860428-HT7		
Notify Party Name and Address: Minas De La Alta Pimeria, S.A. DE CV C/O Joffroy Warehouse, Inc. 1251 N Industrial Park Nogales, AZ 85621 PH: 520-281-2472 ATTN: Adrian Ramos aramos@joffroy.com		Date of Shipment: 1-2 Weeks from Order AWB/BL Number: Currency: USD Letter of Credit Number:		
Conditions of Sale and Terms of Payment: Title Transfer Occurs At: Upon full payment received by the seller Shipment/Delivery Terms: EXW 123 Industry Dr., Erie, PA, USA Incoterms 2010 Payment Terms: Cash in Advance		Transportation method: Via: Ground – Buyer Selected Carrier Pre-Carriage Freight: Pre-paid __ Collect <u>X</u> Main-Carriage Freight: Pre-paid __ Collect <u>X</u> On-Carriage Freight: Pre-paid __ Collect <u>X</u>		
		Total Number of Packages: 1 Total Net Weight (kgs): 1,216 Total Gross Weight (kgs): 1,252		
Item Number, Product Description, Tariff Classification Number, Country of Origin		Quantity	Unit Price	Total Price
Model PM 270 Full Coupling Part Number 1591540 USA origin Tariff Classification 8483.60.8000		1	41,113	41,113 USD
Export Packing				0
Total EXW 123 Industry Dr., Erie, PA, USA Incoterms 2010				USD 41,113
Please Note: These commodities, technology, or software were exported from the United States in accordance with the Export Administration Regulations. Diversion contrary to U.S. law prohibited.				
Authorized Signature:		Company: XYZ, Inc.		
Name: Mr. John Smith		Title: Export Manager		
Date: 19APR11	E-mail: john.smith@xyz.com	Telephone Number(s) Voice: 555-145-3121		Facsimile: 555-145-6121

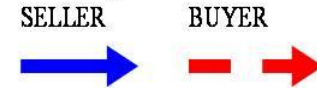
This invoice is for export/import purposes only and not intended for payment purpose

DELIVERED DUTY PAID

DDP (...named place of destination) Incoterms 2010

DDP

Delivered Duty Paid...(named place of destination)



Seller/ Exporter Premises	Export Documents Formalities	Delivered at named place of: <small>Container Yard/ Terminal/ Quay</small>	Loading Port of Shipment	Onboard Ship Rail Plane	Discharging Port of Arrival	Delivery at named place of destination: <small>Container Yard/ Terminal/ Quay</small>	Import Documents Formalities	Buyer/ Importer Premises
Seller's Risks								Buyer's Risks
Seller's Cost								Buyer's Cost



PROFORMA INVOICE – DDP Named Place of Destination

Export References: XYZ, Inc. quote number 9 ABC Hi-Tec Couplings purchase order number 110264		Expiration Date: 19-May-11
Exporter Name and Address: XYZ, Inc. 123 Industry Dr. Erie, PA 16501-1821 USA	Ship To Name and Address: Same as Sold To	Sold To Name and Address: ABC Hi-Tec Couplings 112 Parkinson Lane Halifax, W. Yorkshire HX1 3QH GB
Intermediate Consignee/Consigned to:	Notify Party Name and Address: SBS Worldwide LTD Anchor Blvd, Crossways Bus. Park Tel: 01322424701 EORI# 393854605000 Dartford, Kent DA2 6SB GB	Date of Shipment: 2-3 Weeks from Order AWB/BL Number: Currency: USD Letter of Credit Number:
Conditions of Sale and Terms of Payment: Title Transfer Occurs At: Upon full payment received by the seller Shipment/Delivery Terms: DDP 112 Parkinson Lane, Halifax W. Yorkshire, Great Britain Incoterms 2010 Payment Terms: Cash in Advance	Transportation method: Via: Ocean – Hapag Llyod America Pre-Carriage Freight: Pre-paid <input checked="" type="checkbox"/> Collect ___ Main-Carriage Freight: Pre-paid <input checked="" type="checkbox"/> Collect ___ On-Carriage Freight: Pre-paid <input checked="" type="checkbox"/> Collect ___	Total Number of Packages: 1 Total Net Weight (kgs): 1,216 Total Gross Weight (kgs): 1,252

<i>Item Number, Product Description, Tariff Classification Number, Country of Origin</i>	<i>Quantity</i>	<i>Unit Price</i>	<i>Total Price</i>
<i>Model PM 270 Full Coupling Part Number 1591540 USA origin Tariff Classification 8483.60.8000</i>	<i>1</i>	<i>41,113</i>	<i>41,113 USD</i>
<i>Export Packing</i>			<i>100</i>
<i>U.S. Pre-Carriage Freight: Erie, PA to Port Newark, NJ</i>			<i>300</i>
<i>Forwarding Fees</i>			<i>90</i>
<i>U.S. Terminal Handling</i>			<i>250</i>
<i>Ocean Freight</i>			<i>2,000</i>
<i>Destination Terminal Handling</i>			<i>650</i>
<i>On-Carriage</i>			<i>500</i>
<i>Import Clearance (Including Duties & Taxes)</i>			<i>700</i>
Total DDP 112 Parkinson Lane, Halifax W. Yorkshire, Great Britain Incoterms 2010			USD 45,703

Please Note: These commodities, technology, or software were exported from the United States in accordance with the Export Administration Regulations. Diversion contrary to U.S. law prohibited.

Authorized Signature:		Company: XYZ, Inc.	
Name: Mr. John Smith		Title: Export Manager	
Date: 19APR11	E-mail: john.smith@xvz.com	Telephone Number(s) Voice: 555-145-3121	Facsimile: 555-145-6121

COMMON EXPORT DOCUMENTS

- Invoices – Commercial, Pro forma, Consular
- Packing Lists
- Bills of Lading (B/L) / Air Waybill (AWB)
- Electronic Export Information (EEI) – formerly the SED physical document
- Certificates of Origin
- Certificates – Insurance, Inspection, Phytosanitary, etc.
- Miscellaneous – L/C, ATA Carnet, etc.

COMMON EXPORT DOCUMENTS

- Export Documentation must be kept of file for minimum of 5 years (from the date of export shipment)
- Files may be electronic or hardcopy
- If electronic, must be readily available to be printed in case of U.S. Government agency audit
- EAR 762.3 = Export Recordkeeping Requirements

U.S. GOVERNMENT REGULATORY AGENCIES

- U.S. Customs and Border Protection (CBP)
- U.S. Dept. of Commerce, Bureau of Industry and Security (BIS)
- U.S. State Department, Directorate of Defense Trade Controls (DDTC)
- U.S. Department of Agriculture (APHIS)
- U.S. Food and Drug Administration (FDA)

REGULATIONS ABROAD

- Be Aware of Regulations in Country of Import!
- For Pellet Fuels in EU:

European Pellet Council

<http://www.pelletcouncil.eu/>

European Pellet Council Handbook Version 2.0

<http://www.enplus-pellets.eu/wp-content/uploads/2012/01/ENplus-Handbook-2.0.pdf>

RESOURCES FOR U.S. EXPORTERS

Federal

- U.S. Commercial Service
<http://www.trade.gov/cs/>
- Small Business Administration
www.sba.gov
- U.S. Department of Agriculture (APHIS)
<http://www.aphis.usda.gov/wps/portal/aphis/home/>
- Export-Import Bank of U.S.
<http://www.exim.gov/>

State

- Small Business Development Centers
<http://www.asbdc-us.org/>
- State Export Assistance Programs (PA)
<https://exportingpa.org/>

Q & A

Thank you!

adam.mook@logisticsplus.net

814-464-1722