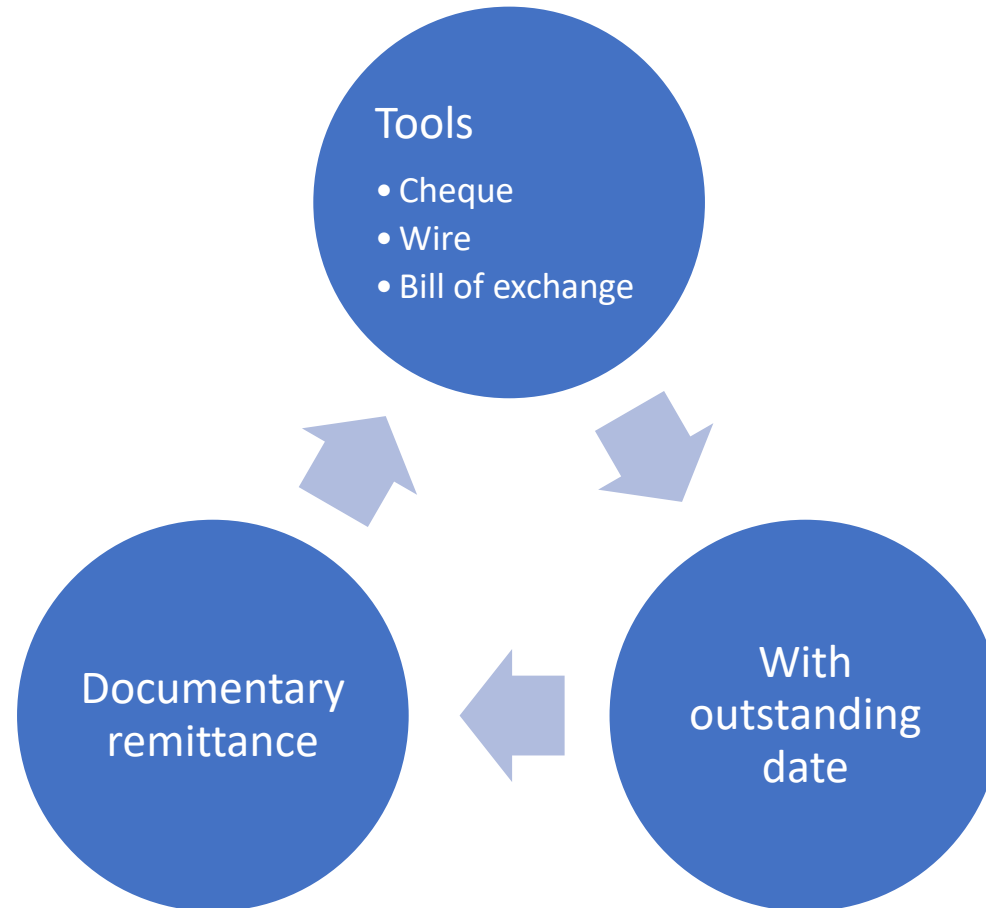


Payment security

- Tools
 - Prepaid
 - Buyer care ?
 - By wire transfer
 - Insurance coverage
 - Not everywhere
 - Payment against documents
 - Cash against documents
 - At sight

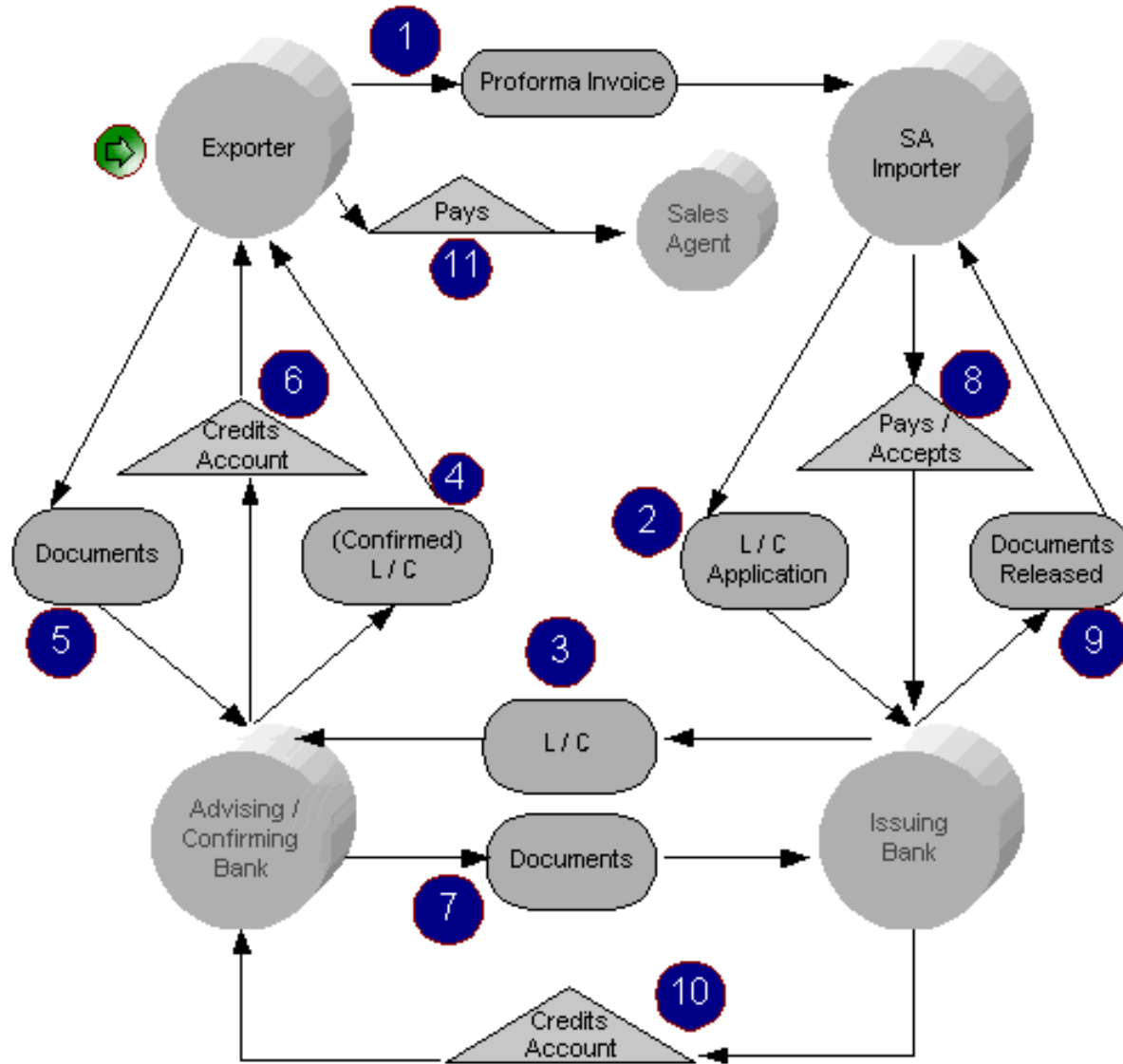
6- Payment security



6- Payment security



Revocable, irrevocable, confirmed letter of credit



What kind of documents, main dates to comply with, reserves

LETTER OF CREDIT case

COMMERCIAL BANK OF ETHIOPIA

Full name of the advising bank : Natexis Banque

Paris

We hereby open our irrevocable documentary letter of credit no 05 18671 in favour of M/s Kruger no.1
rue legras, 51100 Reims, France tél : 0326555555

For account of M/S Paul lieties & Sons Ltd PO BOX 3651 Addis Ababa Ethipia to the extent of EUR 165600
available at negotiation at sight against presentation of the following documents

Documents :

1.1. Signed original commercial invoices in five copies specifying cost and freight. All copies certified by
the chamber of commerce.

Licence no 112/005444/03 indicating exchange control

1.2 signed original maunfacturs invoices in – copies – certified by the chamber of commerce

1.3 packing list in five copies

1.4 full set of clean on board ocean bills of lading and one non negotiable copy marked freight prepaid
made out to order of commercial bank of Ethiopia dated

Not later than June 10, 2003 marked notify Paul Liesties & Sons (Eth) Ltd Ltd PO Box 3651 Addis Ababa

.....

Case ...

1.5 one original and two copies of certificate of origin issued by competent authority evidencing that goods are of France origin

1.6

Covering merchandise described as

Evidencing shipment of 300 cases (X 1800 BOTTLES) CHAMPAGNE KRUGER AS PER PROFORMA INVOICE DATED 24.02.03

8. DELIVERY TERMS C & F

Shipment from France

Shipment to XXXXX DJIBOUTI VIA ADDIS ABABA

INSURANCE

Insurance policy or certificate in full set blank endorsed issued by an approved insurance on covering marine air and war risks extended to cover institute cargo clauses (all risks) WPA/FPA including theft, pilferage, no delivery, Value for shipment + %

X insurance covered locally

PARTIAL SHIPMENT are permitted

TRANSSHIPMENT IS PERMITTED BUT THROUGH ONE AND SAME BILLS OF LADING

Case ...

DATE AND PLACE OF EXPIRY OF CREDIT JUNE 25, 2003 France

All banking charges outside Ethiopia are for the account of BENEFICIARY

Please advise the Beneficiary WITHOUT your confirmation

Beneficiary's certificate is required to evidence the following conditions in the L/C

1. Packages to be marked PAUL THIRIES & SONS (ETH) LTD. PR3/IMP/103/03
2. Non negotiable copies of shipping documents should be sent directly to buyer
3. Transshipment/shipment to be effected by
4. REIMBURSEMENT INSTRUCTIONS
5. The negotiating bank is authorized to reimburse itself on our EURO account with YOU
6. Payment conditions
7. Original invoices and original BILLS OF LADING should indicate breakdown of the actual freight charges paid which must be supported by the CARRIER freight invoices.

Case ...

Negotiation under this L/C is restricted to FOB value of EURO 156600,00 plus –

The actual freight amount substantiated by the CARRIER freight invoices

Freight amount on BILLS OF LADING and freight invoices should be indicated in the currency of the L/C, the exchange rate of that currency against the L/C currency should be indicated

The negotiating bank must send all documents to us the first set by courier service and the second set by registered express air mail to the following address :

COMMERCIAL BANK OF ETHIOPIA

ABABA GIORGIS BRANCH

P.O. Box 2941

Addis Ababa, Ethiopia

Except so far as otherwise expressly stated herein this credit is subject to the uniform customs and practices for commercial documentary credit fixed by the international chamber of commerce 1993 revision brochure no 500 stop.

This telex is the operative credit instrument and the mail confirmation will follow.

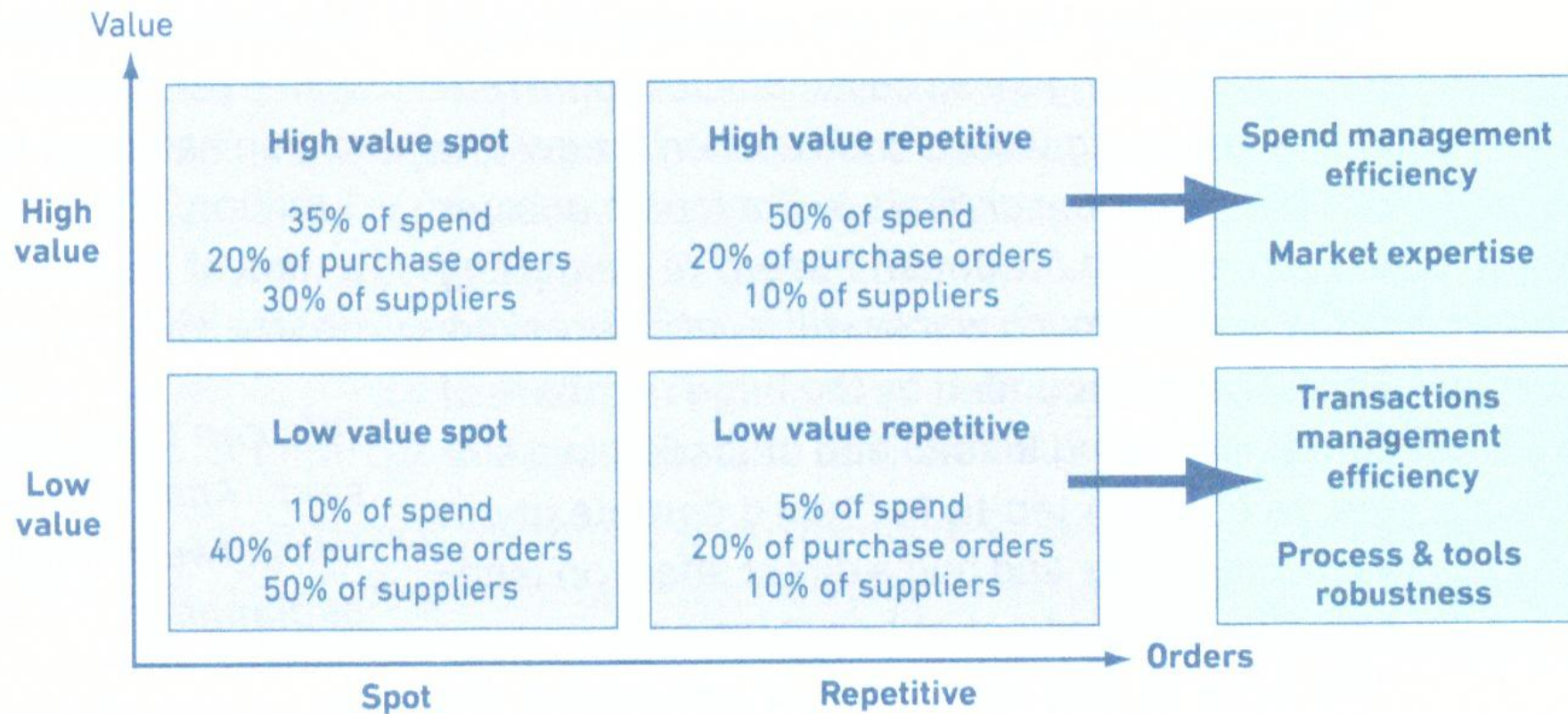
Please acknowledge receipt of this LC indicating your reference number and our L/C number for future communication.

Authorized signature

Payment quiz
[Quiz12bq.pdf](#)

7-Import management

About sourcing





Why purchasing abroad

- To enlarge suppliers offer
- Some products might be unavailable on the domestic market
- Outsourcing opportunities
- For strategic purposes

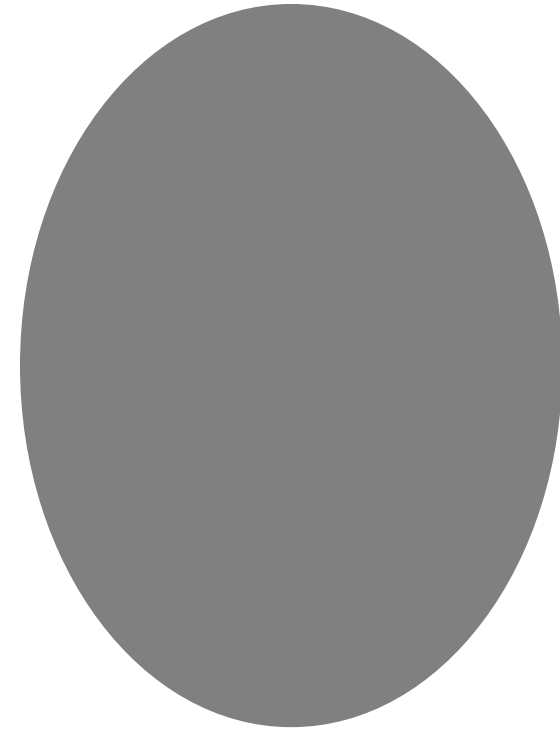
7-Import management



- **Main situations**

- Unable to deliver
- Not in conformity with the order
- Shipment
- Origin control
- Loading & Supplier export department failing

Overcost risk

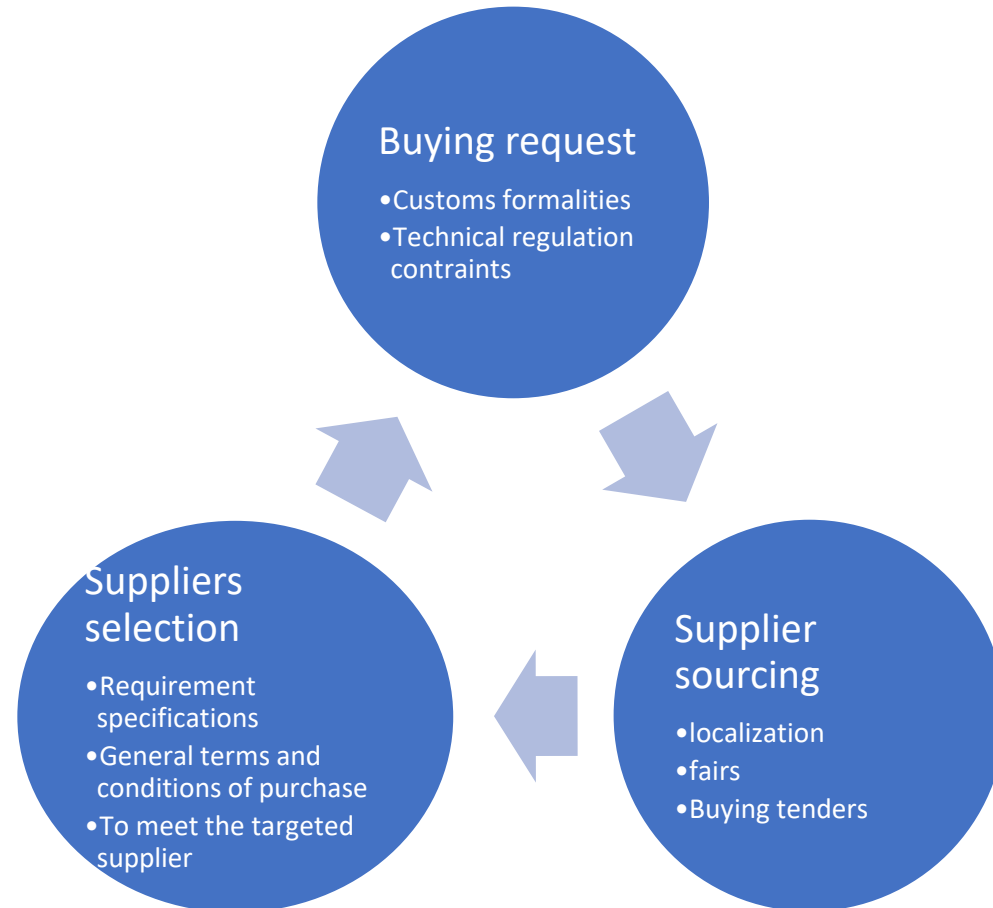


Overcost risk

- **From the buyer**

- Constraints (technical and others) are not taken into account
- Buying conditions are underestimated (payment)
- Insufficient risk coverage (insurance)
- Economic & political situation to be considered
- Fluctuations (raw material / currencies)
- More constraints due to Customs regulation
- All included costs to buying decision

Planning global buying process



Purchase

Request has to be precise

Due to

- Technical constraints
- Logistics constraints

To look for suppliers

- Specialized networks : Business France, Chamber of Commerce ...
- Call for offers
- Companies directories
- Canvassing

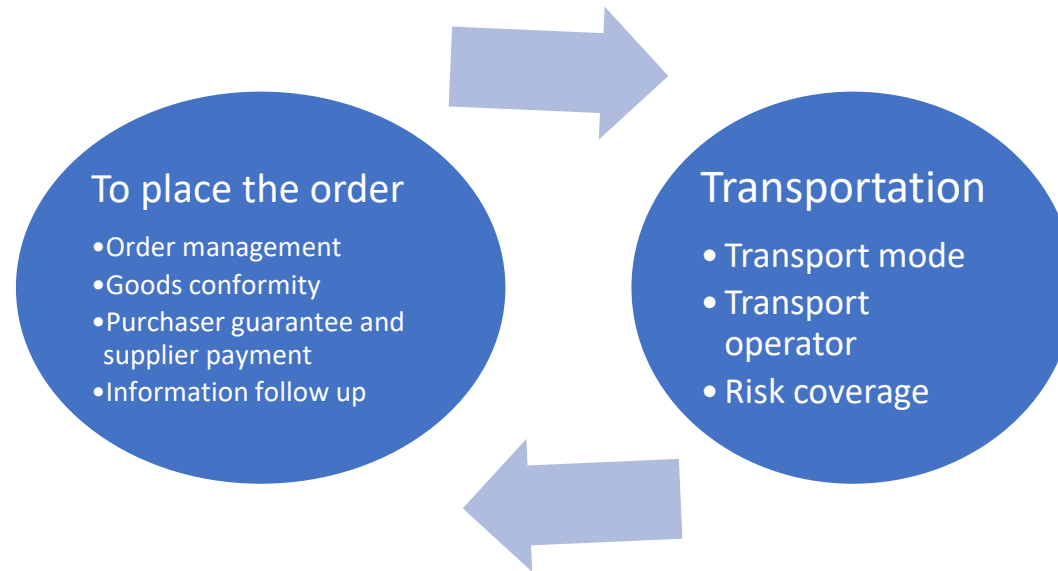
- Suppliers selection
- To assess capacity and reliability
- Useful to meet the supplier



Suppliers sourcing

- First contact
 - Identity
 - Visibility
 - Relationship level
- Offer and demand matching
- Sales conditions
- Ability to answer specific requests (for instance regulation adaptation)
- Capacity assessment
- Innovation possibilities
- Reactivity

Planning method



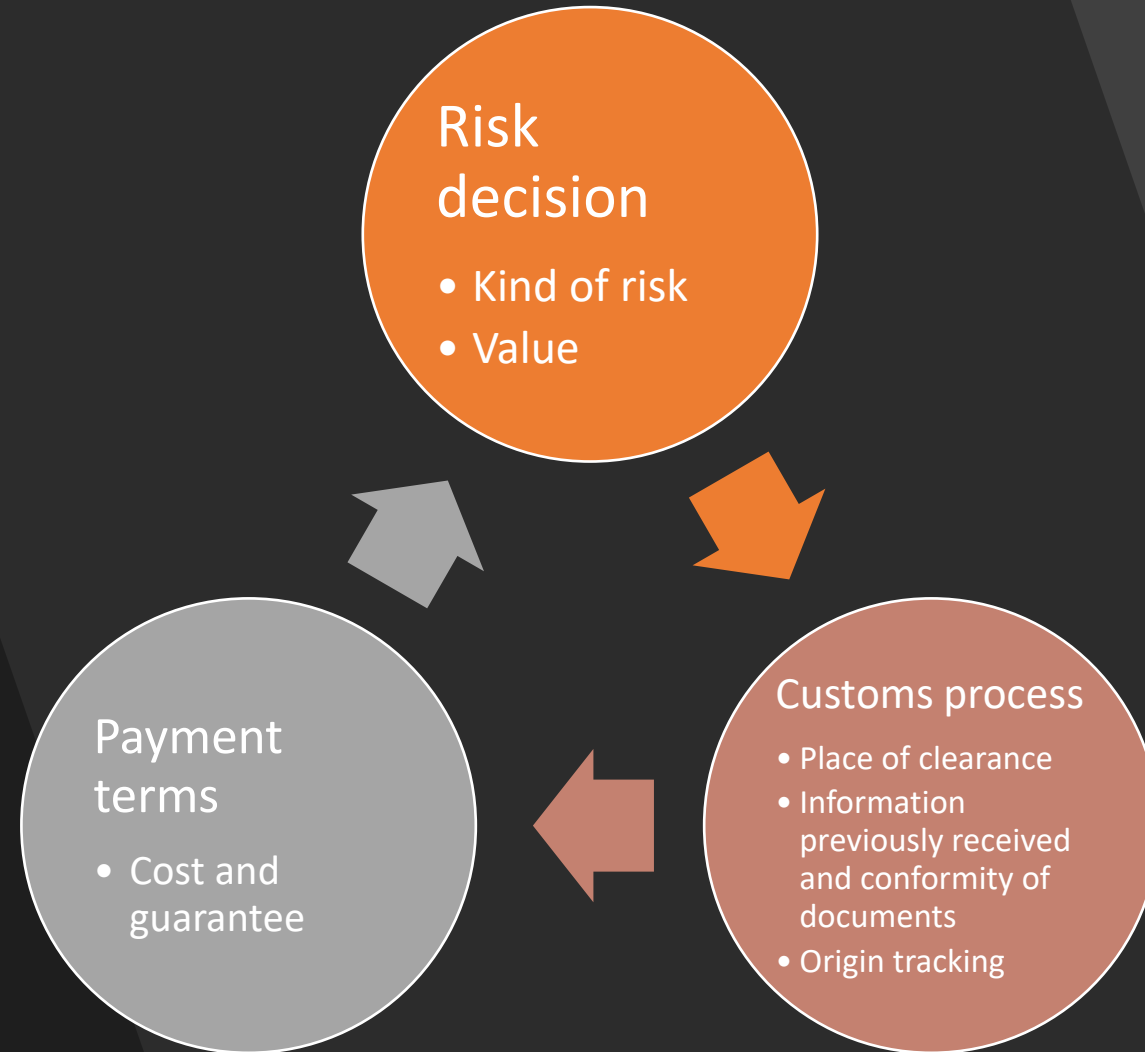
To meet legal requirements



- What is at stake
 - EU norms example
 - [Standardisation in Europe – technical requirements - harmonized standards - ce marking - Your Europe \(europa.eu\)](#)
- EU conformity 'CE'
- Conformity declaration
- EU rules examples
 - REACH for chemical substances
 - Means Reach tracking
 - ROHS for hazardous goods
- Resulting in conformity certificate

Buyer incoterm decision

- From which place we buy
- The maximum risk is ...
- 2020 incoterms rules
- To identify precisely the place

Procurement method



- 
- Conditions of purchase
 - Goods : *accurate information*
 - Delivery *incoterm and transport mode*
 - Price *and currency*
 - Payment terms *tool and mode*
 - Ownership transfer *till ultimate payment*
- 



- Purchasing cost

- Direct cost


- Sourcing cost

- Regulation conformity and duties to anticipate

- From EXW to DDP cost

- Indirect cost

- Financial and banking costs



And ... a quiz
[Import.pdf](#)