FIVE DOS AND DON'TS OF INTERNATIONAL TRADE

GHANA EXIMBANK

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INTRODUCTION

Expanding your business beyond the frontiers of the local economy presents limitless opportunities. However, exporting is not a straightforward venture. It requires an in-depth understanding of international trade regulations, trade agreements, and supply chain logistics among others. To enhance your company's chances of succeeding in the export trade business, we share below five dos and don'ts of international trade. Adhering to these dos and dont's have the potential to entrench your company's foot print in the international market.

DOS OF INTERNATIONAL TRADE

- ***Develop an "Export Strategy/Plan":*** Like any goal one wants to achieve in life, preparing a detailed plan is essential for success in the export trade market. An Export Plan describes specific objectives, sets forth time schedules for implementation and sets milestones that can be used to measure success. Written plans also give businesses a clear understanding of specific steps that need to be taken to grow their business and help assure a commitment to exporting over the longer term. Indeed! "if you fail to plan, you plan to fail". Contact your business advisory services consultant for assistance.

- ***Consult Relevant Trade Agencies/Authorities***: Navigating the complex global market can be quiet challenging. It is for this reason that several trade agencies such as the Ghana Export Promotion Authority, Ghana Export-Import Bank and Ghana International Trade Center etc. exist to provide the needed resources and support for export businesses. These institutions are resourced to provide export business operators with services such as; identification of potential export markets, provision of financing and advisory services among others to ensure export businesses thrive for the good of the country.

- ***Get Insurance:*** There will always be uncertainties associated with any economic activity. Exporting is no different. The risks involved in international trade include the risk of non-payment by the importer (credit risk), foreign exchange risk, and risk of damage to shipped goods. Such risks can pose serious threats to the exporter. Taking the appropriate insurance policy can help mitigate these associated risks. Contact your insurance broker for advice.

- ***Familiarize yourself with your target market(s)***: Different countries have different laws, social norms and business culture etiquette. All these play a crucial role in the success of your business in the target market. Hence, the need for comprehensive research of the target market before attempting to export. Where resources permit, it is advisable to pay a working visit to the target market. It is also advisable to find a partner/distributor within the target market if you are a novice in the market.

- ***Base all cross-border trade agreements on legal contracts***: While it may be tempting for two business parties (foreign buyer and exporter) who get along well and are negotiating a promising business transaction to seal a deal with a handshake. The lack of written proof of agreement can land a business into serious difficulties in case of dispute arising from the business transaction. Engaging the services of a qualified legal practitioner to dot the "Is" and cross the "ts" of your transaction is key to your success in the international trade business. Contact your legal advisor for assistance in negotiating and contracting.

DON'T'S OF INTERNATIONAL TRADE

- ***Do not take documentation lightly***: Several documents are commonly used in exporting, but the ones required in a particular transaction depends on the requirements of the importing and the exporting country. Documentation must be precise because slight discrepancies or omissions may prevent merchandise from being exported or admitted into the importing country. It may also result in non-payment, or may even result in the seizure of merchandise at the port.

- ***Do not make commitments you can't keep***: At the heart of every successful economic relationship is trust between the economic agents. In an attempt to secure an export contract, exporters should not assure importers of unrealistic timelines in shipment delivery. It is best advised to keep partners and yourself updated during the shipping process through real-time tracking of the merchandise. This will help avoid misunderstandings that may arise due to unforeseen delays in the process.

- ***Do not complicate the process for the importer***: While customers are open to making purchases from competitive sources across the world, they expect a seamless purchase and delivery experience. An exporter who complicates the trade transaction process risks losing out due to the competitive nature of international trade.

- ***Do not generalize***: When it comes to international trade transactions, it is important to see each market as unique and treat it accordingly. Even in a particular country, different regions/states may have different trade laws concerning incoming shipments. Your export market research should unearth these market peculiarities.

- ***Do not assume that you can sell your products into foreign markets without making any alterations to them***: Many foreign markets attempt to discourage imports by subjecting imported products to various "special requirements". These "special requirements" generally fall into different categories including labelling requirements, packaging requirements etc. Imported products which do not comply with an importing country's "special requirements" may be refused entry into the importing country, seized at the border, and monetary penalty imposed or subjected to a program of forced compliance.

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