



Export Process Quick Start Guide

Step-by-Step Instructions for Agricultural Exporting

WASHINGTON STATE UNIVERSITY EXTENSION FACT SHEET • FS071E

This quick start guide provides step-by-step instructions for novices in agriculture exporting. A more detailed guide, including sample documents from various agencies, is available at <http://extecon.wsu.edu/pages/Toolkit>.

STEP 1: Assessing Readiness

The first step is perhaps the most important: assessing readiness to export. There are certain characteristics that are common among successful exporters, though not necessarily essential. For example, successful exporters are typically already successful domestic sellers, and they have the staff, time, and resources to devote to international travel, marketing, and sales. They are also able to sustain themselves for a year or more until international sales become profitable.

Action: Complete a simple online assessment at <https://export.wsdbc.org/survey>.

STEP 2: Planning Process

The next step is to develop an individualized, customizable, and somewhat flexible export plan. An export plan integrates resource allocation, market research, product characteristics, product pricing, and business goals. The initial plan should be simple and short. This plan can then be modified and revised as more information and data become available to an exporter. This process generates a complete and detailed export plan.

Action: Contact certified global business advisors at the Small Business Development Centers in Spokane and Seattle (four advisors) at 509-358-7765 and/or at <http://www.wsdbc.org/contact>.

Also contact the Washington Export Resource Center (WERC) at <http://waexports.com/> and the International Trade Alliance at <http://intrade.org/>.

STEP 3: Researching Markets

As you begin planning, you must decide which countries to target. Market research should be specific to both the target

country and your industry. A few variables to consider (in addition to those for sales in the U.S.) are government regulations (both foreign and U.S.), tariffs and nontariff barriers, language issues, growth potential, distribution channels, and the competition in your target country (e.g., is it state supported or does it have lax labor and environmental regulations).

Action: Review trade barriers at <http://agr.wa.gov/FP/Pubs/docs/297-TradeBarrierReport2010.pdf>.

Also contact the Washington State Department of Agriculture (WSDA) International Marketing Program at 360-902-1915 and/or ag-export@agr.wa.gov or go to <http://agr.wa.gov/marketing/international/>.

STEP 4: Distributing Products

Now that a target country is identified, you must choose a method for distributing your product abroad. If you are not able to distribute it directly (and most are not able to initially), then there are intermediaries available to assist you. The types of intermediaries available are export management companies, international distributors, and export agents.

Action: To reach export intermediaries go to <http://usdistributors.agexportservices.org/Apps/StoreFronts/Search.asp>.

STEP 5: Marketing Products

With the help of your marketing intermediary, you should decide if you want potential customers to contact you (through advertisements, directories, foreign language websites, or agent services), or if you want to contact potential customers (by attending foreign trade shows, contacting foreign agent services, or conducting in-person demonstrations).

Action: Consult with your marketing intermediary, but generally use the same approach you use for domestic marketing, while accounting for cultural differences.

STEP 6: Pricing Products

Typically international pricing is more “negotiable” than may be the case domestically. To set a price, most successful exporters work backwards by first setting an attractive price in the foreign market and then factoring in shipping costs, including insurance costs and costs associated with international inspections and regulations. The exchange rate should then be considered and also that the exchange rate may fluctuate between the time you provide a quote and the time you receive payment. If the price at your production center is not high enough to be profitable, then that market should not be considered. Note that an important step in quoting a price or writing a pro forma invoice is knowing geographically where you have responsibility for a shipment and where it is the responsibility of the importer.

Action: Determine cost of shipping before quoting a price. Shipping rates may vary greatly depending on the season.

STEP 7: Receiving Payments

The common methods of payment are cash-in-advance (wire transfer or foreign check), letter of credit, documentary collection, and open account. With the cash-in-advance payment method, you ship only after being paid. At the other end of the spectrum, the open account method means you get paid only when the importer receives the shipment. In practice, most international payments are in the form of a letter of credit or a documentary account, both of which involve your bank and the importer’s bank. It is important to use one of these methods to protect yourself against nonpayment because there is no equivalent to the Better Business Bureau for international transactions.

Action: Remember to take into account exchange rate fluctuations when receiving payments. A 5% change in the exchange rate could mean the difference between a profitable and a painful international sale.

STEP 8: Financing Exports

There can be long intervals between the time you commit to an international sale and the time you get paid for that sale. This is true for all exporters but is particularly so for new exporters or for new markets. Because of the increased risk, some U.S. banks that support domestic business will not finance loans backed by overseas receivables. Fortunately, there are a number of government-sponsored loan programs, insurance programs, and grants to help small business exporters. Examples of these programs include the U.S. Department of Agriculture Export Credit Guarantee Program (GSM-102) and non-USDA programs, such as the Working Capital Guarantee Program at Export-Import Bank and U.S. Small Business Administration.

Action: Contact the Export Finance Assistance Center of Washington at 206-256-6127 or John.Brislin@efacw.

org, or go to <http://www.efacw.org/>. Contact your bank and comparison shop with other banks, or consult a sponsored loan program.

STEP 9: Forwarding Freight

Many first-time exporters use a freight forwarder to help them with international inspection requirements and export documentation. Freight forwarders know the rules and regulations of both importing and exporting countries as well as methods of shipping and methods for completing documents in a timely manner. It is the responsibility of the exporter to hire a freight forwarder; importers rarely (if ever) do this. The freight service goes from coordinating shipments at the place of production on through to completing trade documents.

Action: Freight forwarders often specialize in particular commodities (rather than particular markets). USDA Agricultural Marketing Service publishes an interactive agriculture freight forwarder database at <http://apps.ams.usda.gov/FreightForwarders/>.

STEP 10: Shipping Products

The final step in exporting goods is logistically sophisticated. To physically move products overseas can sometimes involve 40 steps and 10 parties. If you do not choose to use a freight forwarder, you, as the exporter, must complete all the shipping documents, including those for international inspections. These documents are required at both the U.S. port of exit and the importing country’s port of entry. The most common documents include a commercial invoice, packing list, product certificate, sanitary and/or phytosanitary certificates, and various bills of lading.

Action: Register with the Automated Export System for online submission of some export documents <http://www.cbp.gov/xp/cgov/trade/automated/aes/>.

Help with forms particular to agricultural exporters can be found at the WSDA International Marketing Program at 360-902-1915 and/or ag-export@agr.wa.gov or go to <http://agr.wa.gov/marketing/international/>. You can also go to the Foreign Agricultural Service for the USDA at <http://www.fas.usda.gov/>.

Export Assistance Program:

The Export Assistance Program at the WSU Impact Center is part of a statewide export initiative sponsored by a grant from the Washington State Community Economic Revitalization Board, which is administered by the Washington Department of Commerce. The WSU Impact Center, in association with the Washington Small Business Development Center, conducts research and outreach to assist with agricultural research, and in association with the International Trade Alliance offers export workshops across the state.

Disclaimer: This guide is documentation based on interviews with successful exporters. Every individual case is different, and optimal strategy may differ from those discussed here. References to sources and documents outside WSU Extension and the IMPACT Center are for reader convenience. WSU does not review, control, or take responsibility for non-WSU content, nor does WSU or any person therein explicitly or implicitly endorse the positions or policies of these sources.



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