

TRADE FINANCE WORKSHOP .. Course Details

DAY-1

1. Trade-Risks and the ways to minimize the intensity of these risks

Risks:

Country related risks:

Political/Sovereign Risk, Economic Risk, Cultural Risk, Legal Risk

Importer-Exporter related risks:

Exporter's Performance Risk, Exporter's Documentation Risk

Buyer's Insolvency/Credit Risk, Buyer's Acceptance Risk

Goods Related risks:

The goods Risk, Transit Risk, Knowledge Inadequacy

Finance related risks:

Buyer's bank's reputation, The competition,

The volume and value of the shipment, Foreign Exchange Risk

Interest Rate Risk

How to Mitigate Risks in International Trade?

Import/ Export opportunities can become actual sales only if you manage the risks involved and receive goods/ payment on time.

When you Import (i.e. you are a Buyer)

When you Export (i.e. you are a Seller)

2. International Trade documentation and why they are so critical for International trade (Export/Import)?

Functions of Trade Documentation

Documentation is worth almost the real money, sometimes a single document can hold back a total shipment!

Types of Trade documents:

Transport Commercial Banking Insurance

Official or Legal Documents

Documents which are not "Document of Title"

Common discrepancies in Trade documents that impact export/import

3. Shipping Terms -Incoterms® 2010 Rules

Bring legal certainty to your business transaction and prepare Effective international contracts

Incoterms-What are they?

Incoterms® 2010 Rules

Rules for Sea and Inland Waterway Transport
Rules for any Mode or Modes of Transport

What should you consider before you use a specific shipping term? Why?

4. How to make and receive payment internationally? How to Structure and finance trade deals?

International Payment Instruments: Methods and Features

Open Account Method
Advance Payment Method
Documentary collections Method
Letter of credit (LC) Method
Bank Payment Obligation (BPO) Payment Method

Risk Analysis of the above payment methods:

Most secure and Least Secure method of payments

DAY-2

5. Types of financing for International Trade:

Summary of available Trade Finance

What is trade finance?

Financing options available: For the Exporter

Loan

- a) Account Receivables Financing-Bills discounting
- b) Export Bills Financing
- c) Packing Loan

Discounting

- a) Factoring or Invoice discounting
- b) Forfaiting
- c) Bill of Exchange or Draft Discounting

Financing by Letter of credit (LC)

Transferable LC

Assignment of Proceeds from LC

Standby or Non-performing Letter of Credit

- a) Bid Bond/Tender Standby Or Bid Guarantee

- b) Performance Standby or Performance Guarantee
or Performance Bond
- c) Advance payment standby or SBLC for Advance Payment Guarantee
Back-to-back Letter of Credit

Financing options available: For the Importer
Loan

- a) Import Invoice Financing
- b) Trust Receipt (TR) Financing

Discounting:

- a) Bill of Exchange or Draft Discounting

Financing by Letter of credit (LC)

Commercial LC

Standby or Non-performing Letter of Credit

- (a) Commercial Standby Letter of Credit
- (b) Counter Standby Letter of Credit

Shipping Guarantee (SG)

6. Understanding UCP 600 rules for importers, exporters, transport executives, and Everyone involved in letter of credit transactions; Supplement rules to UCP 600 for Electronic Presentation.

UCP 600

What is UCP?

How to use UCP 600 rules?

UCP 600 rules (= 39 Articles)

eUCP V1.1

What is eUCP?

How to use eUCP v1.1?

eUCP V1.1 Articles

ISBP 681

Check list of items for LC to use UCP 600: International Standard Banking

Practice for the Examination of Documents under Documentary Credits (ISBP) 681

What is ISBP?

Features of ISBP 681

Sample: How to use ISBP 681 together with UCP 600

The Articles

7. Understanding common types of frauds in International Trade

Silence is Fraud's best friend; Word-of-mouth is Fraud's worst enemy

Documentary fraud : LC fraud- Fraud in Payment against documents, The Fraud Rule, Fraud in documents of LC, Forging a LC and the documents that accompany the LC

Marine fraud : Marine Insurance Fraud, Charter Party Fraud, Ship owner against charterers

Thefts : Owners' mediated thefts and Crew mediated thefts

Deviation : Ship changing its route to unload the cargo in a different destination port to sell the goods illegally.

How to avoid fraud? Victims of fraud and methods

The Piracy : The problem and finding solutions

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Note:

Many real-life relevant case studies to give indepth understanding to participants will be discussed with each of the topics above

◆ **Case Studies Analysis and discussions**

Forged Letter of Credit
Commodities trade Fraud - Worldwide
Global trade in phantom cargoes
Scams in Letter of Credit
False shipping documents
Frauds in Bill of Lading

and more...
