T.C.
MİLLİ EĞİTİM BAKANLIĞI

MÈSLEKÎ İNGÎLİZCE

FOREIGN TRADE 1
222YDK138

Ankara, 2011
• Bu modül, mesleki ve teknik eğitim okul/kurumlarında uygulanan Çerçeve Öğretim Programlarında yer alan yeterlikleri kazandırmaya yönelik olarak öğrencilerine rehberlik etmek amacıyla hazırlanmış bireysel öğrenme materyalidir.

• Milli Eğitim Bakanlığına ücretsiz olarak verilmiştir.

• PARA İLE SATILMAZ.
EXPLANATION......................................................................................................................3
PREFACE .......................................................................................................................... 4
LEARNING ACTIVITY-1 ....................................................................................................... 5
1. FOREIGN TRADE TERMS ............................................................................................... 5
  1.1. Currency.................................................................................................................... 5
  1.2. Enterprise.................................................................................................................. 6
  1.3. Director..................................................................................................................... 6
  1.4. Strategy..................................................................................................................... 6
  1.5. Production and Marketing......................................................................................... 6
  1.6. Market....................................................................................................................... 7
  1.7. Product..................................................................................................................... 7
  1.8. European Union......................................................................................................... 7
  1.9. International Trade................................................................................................... 8
  1.10. Market Research...................................................................................................... 8
  1.11. Marketing Communication .................................................................................... 9
  1.12. Advertising............................................................................................................. 9
  1.13. Promotion............................................................................................................... 9
  1.14. Trade...................................................................................................................... 10
  1.15. Trade Fair............................................................................................................... 10
  1.16. Tax........................................................................................................................ 11
  1.17. Subsidy.................................................................................................................. 11
  1.18. Export Promotion Center ...................................................................................... 11
  1.19. Commission........................................................................................................... 12
  1.20. Commission Agent.................................................................................................. 12
EVALUATION .................................................................................................................... 13
  EVALUATION CRITERIA ............................................................................................... 16
LEARNING ACTIVITY-2 ..................................................................................................... 17
2. TYPES OF DELIVERY( INCOTERMS) AND TYPES OF PAYMENT METHODS IN
FOREIGN TRADE ............................................................................................................ 17
  2.1. TYPES OF DELIVERY( INCOTERMS) .................................................................... 17
      2.1.1. Type E.............................................................................................................. 18
      2.1.2. Type F.............................................................................................................. 18
      2.1.3. Type C............................................................................................................ 20
      2.1.4. Type D............................................................................................................ 22
  2.2. TYPES OF PAYMENT METHODS .......................................................................... 24
      2.2.1. Cash Payment ................................................................................................. 24
      2.2.2. Cash Against Documents (CAD) ..................................................................... 24
      2.2.3. Letter Of Credit .............................................................................................. 24
      2.2.4. Consignment Sale ............................................................................................ 25
EVALUATION .................................................................................................................... 26
  EVALUATION CRITERIA ............................................................................................... 30
LEARNING ACTIVITY-3 ..................................................................................................... 31
3. TYPES OF DOCUMENTS IN FOREIGN TRADE ............................................................ 31
  3.1. Pro Forma Invoice .................................................................................................... 31
  3.2. Commercial Invoice ............................................................................................... 31
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.3. Packing List</td>
<td>34</td>
</tr>
<tr>
<td>3.4. ATA Carnet</td>
<td>35</td>
</tr>
<tr>
<td>3.5. TIR Carnet</td>
<td>35</td>
</tr>
<tr>
<td>3.6. ATR Movement Certificate</td>
<td>37</td>
</tr>
<tr>
<td>3.7. EUR.1 Form</td>
<td>38</td>
</tr>
<tr>
<td>3.8. Certificate of Origin</td>
<td>40</td>
</tr>
<tr>
<td>3.9. Generalized System of Preferences, Or Gsp</td>
<td>41</td>
</tr>
<tr>
<td>3.10. Insurance Contract</td>
<td>43</td>
</tr>
<tr>
<td>3.11. Phytosanitary Inspection Certificate</td>
<td>44</td>
</tr>
<tr>
<td>3.12. Radiation Certificate</td>
<td>46</td>
</tr>
<tr>
<td>3.13. Certificate of Inspection</td>
<td>46</td>
</tr>
<tr>
<td>3.14. Consignment Note</td>
<td>46</td>
</tr>
<tr>
<td>EVALUATION</td>
<td>47</td>
</tr>
<tr>
<td>EVALUATION CRITERIA</td>
<td>50</td>
</tr>
<tr>
<td>ANSWER KEY</td>
<td>51</td>
</tr>
<tr>
<td>REFERENCES</td>
<td>54</td>
</tr>
<tr>
<td>MODÜLÜN KODU</td>
<td>222YDK138</td>
</tr>
<tr>
<td>--------------</td>
<td>-----------</td>
</tr>
<tr>
<td>ALAN</td>
<td>Muhasebe ve Finansman</td>
</tr>
<tr>
<td>MESLEK/DAL</td>
<td>Dış Ticaret Ofis Elemani</td>
</tr>
<tr>
<td>MODÜLÜN ADI</td>
<td>Meslek İngilizcesi 1</td>
</tr>
<tr>
<td>MODÜLÜN TANIMI</td>
<td>Dış Ticaret işlemleri hakkında bilgi ve beceri kazandıran öğrenim materiaalıdır.</td>
</tr>
<tr>
<td>SÜRE</td>
<td>40/32</td>
</tr>
<tr>
<td>ÖN KOŞUL</td>
<td>Yabancı Dilde Kurallar ve Yabancı Dilde İletişim Modüllerni başarıms olmak.</td>
</tr>
<tr>
<td>YETERLİK</td>
<td>Dış ticarette teslim ve ödeme şekillerini ifade etmek</td>
</tr>
</tbody>
</table>

**MODÜLÜN AMACI**

**Genel Amaç:** Öğrenci, uygun ortam sağlığında, teslim, ödeme şekillerini ve dış ticarette kullanılan belgeleri, yabancı dilde hatasız olarak anlayabilecek ve uygulayabileceksiniz.

**Amaçlar:**
1. Dış ticarette kullanılan teslim şekillerini yabancı dilde yazılı ve sözlü olarak gerçekleştirabileceksiniz.
2. Dış ticarette kullanılan ödeme şekillerini yabancı dilde yazılı ve sözlü şekilde yapabileceksiniz.
3. Dış ticarette kullanılan belgelerin isimlerini yabancı dilde yazılı ve sözlü olarak ifade edebileceksiniz.

**ÖĞRENME ORTAMLARI VE DONANIMLAR**

**Ortam:** Sınıf ve/veya işletme.

**Donanım:** Form belgeler, makaleler, bilgisayar, süreli yayınlar, projeksiyon makinasi, tanıtım CDleri.

**ÖLÇME VE DEĞERLENDİRME**

Modülün içerisinde yer alan her faaliyetten sonra verilen ölçme araçları ile kazandığınız bilgileri ölçerek kendi kendini değerlendireceksiniz. Öğretmen modül sonunda size ölçme aracı (Test, çoktan seçmeli, doğru yanılsı, klasik, uygulama, boşluk doldurma ve örnek olay inceleme) uygulayarak, modül uygulamaları ile kazandığınız bilgileri değerlendirecektir.
Dear Student

Welcome to this module!

This module is intended for employees who will work at Foreign Trade departments of the companies and who need to improve their Professional English.

Keeping the customer's satisfaction on top, Foreign Trade departments must increase their market share continuously which will help them to venture into new areas. They also follow up the recent technologies in different fields, integrate those to their business. This enables them to get effective and efficient solutions.

The basic objective is to help Foreign Trade department staff improve their foreign language skills in order to communicate with employees and customers who speak English as well as to enable the staff to read all the documents (Foreign trade books, magazines about their jobs, etc.) which are written in English.

This module is composed of typical explanations, pictures and, of course, some practical tips which must be known to be able to read, understand, write and speak English in your daily lives.

Warm regards.
LEARNING ACTIVITY-1

AIM

At the end of this learning activity, students should be able to:

• Describe foreign trade terms.

SEARCH

• Go to a foreign trade company and ask the terms about foreign trade. Prepare a chart to show the terms and their English forms.

“A man’s feet must be planted in his country, but his eyes should survey the world.”

George Santayana

1.1. Currency

A currency is a unit of exchange, facilitating the transfer of goods and services. It is one form of money, where money is anything that serves as a medium of exchange, a store of value, and a standard of value. A currency zone is a country or region in which a specific currency is the dominant medium of exchange. To facilitate trade between currency zones, there are exchange rates i.e. prices at which currencies (and the goods and services of individual currency zones) can be exchanged against each other. Currencies can be classified as either floating currencies or fixed currencies based on their exchange rate regime. In common usage, currency sometimes refers to only paper money, as in "coins and currency", but this is misleading. Coins and paper money are both forms of currency.
1.2. Enterprise

Almost any business or organization can be called an enterprise, possibly led by an entrepreneur. The term is also increasingly used to refer to the process by which new companies are formed and new products and services are created and brought to market.

1.3. Director

In relation to a company, a director is an officer of the company charged with the conduct and management of its affairs. A director may be an inside director (a director who is also an officer) or an outside, or independent, director. The directors collectively are referred to as a board of directors. Sometimes the board will appoint one of its members to be the chair of the board of directors.

Theoretically, the control of a company is divided between two bodies: the board of directors, and the shareholders in general meeting. In practice, the amount of power exercised by the board varies with the type of company. In small private companies, the directors and the shareholders will normally be the same people, and thus there is no real division of power. In large public companies, the board tends to exercise more of a supervisory role, and individual responsibility and management tends to be delegated downward to individual professional executive directors (such as a finance director or a marketing director) who deal with particular areas of the company's affairs.

1.4. Strategy

A strategy is a long term plan of action designed to achieve a particular goal, most often "winning". Strategy is differentiated from tactics or immediate actions with resources at hand by its nature of being extensively premeditated, and often practically rehearsed.

1.5. Production and Marketing

In microeconomics, production is the act of making things, in particular the act of making products that will be traded or sold commercially. Production decisions concentrate on what goods to produce, how to produce them, the costs of producing them, and optimizing the mix of resource inputs used in their production. This production information can then be combined with market information (like demand and marginal revenue) to determine the quantity of products to produce and the optimum pricing.

(In macroeconomics, production is measured by gross domestic product and other measures of national income and output.)
Marketing is an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.

1.6. Market

A market is a social arrangement that allows buyers and sellers to discover information and carry out a voluntary exchange of goods or services. It is one of the two key institutions that organize trade, along with the right to own property. In everyday usage, the word "market" may refer to the location where goods are traded, sometimes known as a marketplace, or to a street market.

1.7. Product

In marketing, a product is anything that can be offered to a market that might satisfy a want or need. When used as a business term, a "product" can be either a physical, tangible good (such as a book) or a service (like a haircut).

1.8. European Union

The European Union (EU) is a supranational and intergovernmental union of twenty-seven states in a category of its own. It was established in 1992 by the Treaty on European Union (The Maastricht Treaty), and is the de facto successor to the six-member European Economic Community founded in 1957. Since then new accessions have raised its number of member states, and competences have expanded.

The EU is one of the largest economic and political entities in the world, with a total population of 494 million. The Union is a single market with a common trade policy, a Common Agricultural/Fisheries Policy, and a Regional policy to assist underdeveloped regions. It introduced a single currency, the euro, adopted by 13 member states. The EU initiated a limited Common Foreign and Security Policy, and a limited Police and Judicial Co-operation in Criminal Matters.

Important EU institutions and bodies include the European Commission, the Council of the European Union, the European Council, the European Central Bank, the European Court of Justice, and the European Parliament. Citizens of EU member states are European citizens: they directly elect the European Parliament, once every five years. They can live, travel, work, and invest in other member states (with some restrictions on new member states). Passport control and customs checks at most internal borders were abolished by the Schengen Agreement.
1.9. International Trade

**International trade** is the exchange of goods and services across international boundaries or territories. While international trade has been present throughout much of history (Silk Road, Amber Road), its economic, social, and political importance has been on the rise in recent centuries. Industrialization, advanced transportation, globalization, multinational corporations, and outsourcing are all having a major impact. Increasing international trade is the primary meaning of "globalization".

International trade is also a branch of economics, which, together with international finance, forms the larger branch of international economics.

1.10. Market Research

**Market research** is the process of systematic gathering, recording and analyzing of data about customers, competitors and the market. Market research can help create a business plan, launch a new product or service, fine tune existing products and services, expand into new markets etc. It can be used to determine which portion of the population will purchase the product/service, based on variables like age, gender, location and income level. It can be found out what market characteristics your target market has. With market research, companies can learn more about current and potential customers.

The purpose of market research is to help companies make better business decisions about the development and marketing of new products. Market research represents the voice of the consumer in a company.
1.11. Marketing Communication

Marketing communications (or marcom) are messages and related media used to communicate with a market. Those who practice advertising, branding, direct marketing, graphic design, marketing, packaging, promotion, publicity, public relations, sales, sales promotion, and online marketing are termed marketing communicators, marketing communication managers, or more briefly as marcom managers.

1.12. Advertising

Advertising is paid and/or sometimes free communication through a medium in which the sponsor is identified and the message is controlled. Variations include publicity, public relations, product placement, sponsorship, underwriting, and sales promotion. Every major medium is used to deliver these messages, including: television, radio, movies, magazines, newspapers, the Internet, and billboards. Advertisements can also be seen on the seats of grocery carts, on the walls of an airport walkway, on the sides of buses, heard in telephone hold messages and in-store PA systems. Advertisements are usually placed anywhere an audience can easily and/or frequently access visuals and/or audio, especially on clothing.

A way of advertising

1.13. Promotion

Promotion is one of the four key aspects of the marketing mix. The other three elements are product management, pricing, and distribution. Promotion involves disseminating information about a product, product line, brand, or company.
Promotion is generally sub-divided in the textbooks into two parts:

- Above the line promotion: Promotion in the media (e.g. TV, radio, newspapers, Internet) in which the advertiser pays an advertising agency to place the advert.
- Below the line promotion: All other promotion. Much of this is intended to be subtle enough that the consumer is unaware that promotion is taking place. E.g. sponsorship, product placement, endorsements, sales promotion, merchandising, direct mail, personal selling, public relations, trade shows.

1.14. Trade

Trade is the voluntary exchange of goods, services, or both. Trade is also called commerce. A mechanism that allows trade is called a market. The original form of trade was barter, the direct exchange of goods and services. Modern traders instead generally negotiate through a medium of exchange, such as money. As a result, buying can be separated from selling, or earning. The invention of money (and later credit, paper money and non-physical money) greatly simplified and promoted trade. Trade between two traders is called bilateral trade, while trade between more than two traders is called multilateral trade.

Trade exists for many reasons. Due to specialisation and division of labor, most people concentrate on a small aspect of production, trading for other products. Trade exists between regions because different regions have a comparative advantage in the production of some tradable commodity, or because different regions' size allows for the benefits of mass production. As such, trade at market prices between locations benefits both locations.

Trading can also refer to the action performed by traders and other market agents in the financial markets.

1.15. Trade Fair

A trade fair (or trade show) is an exhibition organised so that companies in a specific industry can showcase and demonstrate their new products and services. Some trade fairs are open to the public, while others can only be attended by company representatives (members of the trade) and members of the press, therefore tradeshows are classified as either "Public" or "Trade Only".

Trade fairs often involve a considerable marketing investment by participating companies. Costs include space rental, display design and construction, telecommunications and networking, travel, accommodations, promotional literature, and "give away" items. In addition costs are incurred at the show for services such as electrical, booth cleaning, internet services, floral decoration within the booth and drayage (also known as material handling).

Consequently, cities often promote trade shows as a means of economic development.
Exhibitors attending the event are required to use an exhibitor manual or online exhibitor or manual to order their required services and complete any necessary paperwork such as health and safety declarations.

![Trade Fair](image)

### 1.16. Tax

A **tax** is a financial charge or other levy imposed on an individual or a legal entity by a state or a functional equivalent of a state (for example, tribes, secessionist movements or revolutionary movements). Taxes could also be imposed by a subnational entity. Taxes consist of direct tax or indirect tax, and may be paid in money or as corvée labor. A tax may be defined as a "pecuniary burden laid upon individuals or property to support the government a payment exacted by legislative authority." A tax "is not a voluntary payment or donation, but an enforced contribution, exacted pursuant to legislative authority" and is "any contribution imposed by government whether under the name of toll, tribute, tallage, gabel, impost, duty, custom, excise, subsidy, aid, supply, or other name."

### 1.17. Subsidy

In economics, a **subsidy** is a kind of financial government assistance, such as a grant, tax break, or trade barrier, in order to encourage the production or purchase of a good. The term subsidy may also refer to assistance granted by others, such as individuals or non-government institutions, although this is more commonly described as charity.

### 1.18. Export Promotion Center

In 1960, Turkey decided to establish an organization to which exporters could turn for assistance with marketing and information on products and markets as well as for help in making contacts with importers. With its finger on the pulse of Turkey's exports more than 40
years, the Export Promotion Center is now regarded as one of the most dynamic organizations in the country. As the only non-profit public organization of its kind in Turkey, IGEME aims at promoting Turkey’s success on international markets for more than 40 years. IGEME acts as an intermediary in establishing business contacts between foreign importers and Turkish exporters. It helps both parties by fostering links, introducing Turkish businessmen to potential partners or investors and furnishing foreign importers with detailed information on economic conditions, market prospects, exporters and regulations in Turkey.

IGEME works in five main areas: research and development; training; trade information; publicity and promotion; and international relations.

1.19. Commission

The payment of commission as renumeration for services rendered or products sold is a common way to reward sales people. Payments often will be calculated on the basis of a percentage of the goods sold.

Offering monetary compensation in the form of commission alone, or commission in addition to salary rather than simply a fixed salary, is intended to create a strong incentive for employees to invest maximum effort into their work. Common industries where commission is used include car sales, property sales, insurance broking and many other sales jobs.

1.20. Commission Agent

Commission agent is a middleman (such as Broker) who sells the goods without taking title to them, in exchange for a Commission.
A- QUESTIONS

Circle the correct answer

1. A ....................... is a unit of exchange, facilitating the transfer of goods and services.
   A) Currency  
   B) Business  
   C) Enterprise  
   D) Market

2. Almost any business or organization can be called a/an ....................... 
   A) Trade fair  
   B) Strategy  
   C) Enterprise  
   D) Business

3. ....................... is a middleman who sells the goods without taking title to them.
   A) Travel agent  
   B) Commission agent 
   C) Exchange office  
   D) Boss

4. A/An ....................... is a long term plan of action designed to achieve a particular goal, most often "winning".
   A) Tactic  
   B) Action  
   C) Cost  
   D) Strategy

5. ....................... is the act of making things, in particular the act of making products that will be traded or sold commercially.
   A) Production  
   B) Pricing  
   C) Resource  
   D) Marketing
6. .................. is the voluntary exchange of goods, services, or both.

A) Trade fair  
B) Trade  
C) Subsidy  
D) Tax

7. Which is the long form of IGEME in English?

A) World Health Organization  
B) Export Promotion Center  
C) World Trade Organization  
D) Value Added Tax

8. The .................. is a supranational and intergovernmental union of twenty-seven states in a category of its own.

A) OECD  
B) WHO  
C) EU  
D) IGEME

9. A .................. is a financial charge or other levy imposed on an individual or a legal entity by a state or a functional equivalent of a state (for example, tribes, secessionist movements or revolutionary movements).

A) Currency  
B) Tax  
C) Money  
D) Subsidy

10. A/An .................. is a social arrangement that allows buyers and sellers to discover information and carry out a voluntary exchange of goods or services

A) Trade fair  
B) Market  
C) Enterprise  
D) Business

11. In marketing, a .................. is anything that can be offered to a market that might satisfy a want or need.

A) Currency  
B) Money  
C) Product  
D) Pricing
12. In economics, a ........................ is a kind of financial government assistance, such as a grant, tax break, or trade barrier, in order to encourage the production or purchase of a good.

A) Pricing  
B) Strategy  
C) Advertising  
D) Subsidy  

13. A/An ........................................ is an exhibition organised so that companies in a specific industry can showcase and demonstrate their new products and services.

A) Market  
B) Enterprise  
C) European Union  
D) Trade fair  

14. ........................ is an organizational function and a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.

A) Marketing  
B) Enterprise  
C) Market  
D) Currency  

15. ........................ is paid and/or sometimes free communication through a medium in which the sponsor is identified and the message is controlled.

A) Advertising  
B) Pricing  
C) Promotion  
D) Marketing  

16. ........................ is the exchange of goods and services across international boundaries or territories.

A) Trade fair  
B) Marketing  
C) International trade  
D) Advertising
Evaluate yourself with a friend of yours. If you need, go to the learning objective and repeat the subject that you believe you couldn’t learn.

<table>
<thead>
<tr>
<th>The Student’s</th>
<th>The examination’s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name-Surname:</td>
<td>Starting Time :</td>
</tr>
<tr>
<td>Class :</td>
<td>Finishing Time :</td>
</tr>
<tr>
<td>Number :</td>
<td>Used Time :</td>
</tr>
</tbody>
</table>

**CRITERIA**

**LEARNING PROCESS**

<table>
<thead>
<tr>
<th>Question</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Did you remember what foreign currency is?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what a firm is?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what a director is?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what strategy is?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what production and marketing are?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what a market is?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what product is?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what European Union is?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what international trade is?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what market research is?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what marketing communication is?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what advertising is?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what promotion is?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what tax is?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what subsidy is?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what Export Promotion Center is?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what trade fair is?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what commission agent is?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
At the end of this learning activity, students should be able to:

- Learn types of delivery in foreign trade.
- Learn types of payment in foreign trade.

Go to a foreign trade company and try to learn types of delivery in foreign trade. Prepare a chart to show types of delivery in foreign trade in English.

Go to a foreign trade company and learn types of payment in foreign trade. Prepare a chart to show types of payment in foreign trade in English.

“The borrower is servant to the lender.”

Proverbs

2.1. TYPES OF DELIVERY (INCOTERMS)

INCOTERMS are most frequently listed by category. Terms beginning with F refer to shipments where the primary cost of shipping is not paid for by the seller. Terms beginning with C deal with shipments where the seller pays for shipping. E-terms occur when a seller's responsibilities are fulfilled when goods are ready to depart from their facilities. D terms cover shipments where the shipper/seller's responsibility ends when the goods arrive at some specific point. Because shipments are moving into a country, D terms usually involve the services of a customs broker and a freight forwarder. In addition, D terms
also deal with the pier or docking charges found at virtually all ports and determining who is responsible for each charge.

Recently the ICC changed basic aspects of the definitions of a number of INCOTERMS. buyers and sellers should be aware of this. Terms that have changed have a star alongside them.

2.1. Type E

2.1.1. EXW

Ex works (EXW) is an Incoterms. It means that the seller X has the goods ready for collection at his premises (Works, factory, warehouse, plant) on the date agreed upon. The buyer pays all transportation costs and also bears the risks for bringing the goods to their final destination. This term requires that the buyer must be able to carry out export formalities in the country of supply, these days almost impossible. Therefore in the vast majority of cases where terms are quoted EXW they actually intend the seller to carry out export formalities which means that the correct term is FCA (Seller's premises).

One of the simplest and most basic shipment arrangements places the minimum responsibility on the seller with greater responsibility on the buyer. In an EX-Works transaction, goods are basically made available for pickup at the shipper/seller's factory or warehouse and "delivery" is accomplished when the merchandise is released to the consignee's freight forwarder. The buyer is responsible for making arrangements with their forwarder for insurance, export clearance and handling all other paperwork.

2.1.2. Type F

2.1.2.1. FCA

Free Carrier (FCA) is an Incoterm. The seller delivers the goods into the custody of the first carrier, and this is where risk passes from seller to buyer. The buyer pays for the transportation.

It can be used for all modes of transportation including multimodal transport, such as in shipping containers where the ship's rail plays no relevant part in determining a shipping point.

FCA is also the term to use in place of FOB for airfreight transactions.

In this type of transaction, the seller is responsible for arranging transportation, but he is acting at the risk and the expense of the buyer. Where in FOB the freight forwarder or carrier is the choice of the buyer, in FCA the seller chooses and works with the freight
forwarder or the carrier. "Delivery" is accomplished at a predetermined port or destination point and the buyer is responsible for Insurance.

2.1.2.2. FAS

**Free Alongside Ship** (FAS) is an Incoterms. It means that the seller pays for transportation of the goods to the port of shipment. The buyer pays loading costs, freight, insurance, unloading costs and transportation from the port of destination to his factory. The passing of risk occurs when the goods have been delivered to the quay at the port of shipment.

In these transactions, the buyer bears all the transportation costs and the risk of loss of goods. FAS requires the shipper/seller to clear goods for export, which is a reversal from past practices. Companies selling on these terms will ordinarily use their freight forwarder to clear the goods for export. "Delivery" is accomplished when the goods are turned over to the Buyers Forwarder for insurance and transportation.

2.1.2.3. FOB

**Free On Board (FOB)** is an Incoterm—also commonly but incorrectly referred to as "Freight on Board". It means that the seller pays for transportation of the goods to the port of shipment, plus loading costs. The buyer pays freight, insurance, unloading costs and transportation from the port of destination to the factory. The passing of risks occurs when the goods pass the ship's rail at the port of shipment. Internationally the term specifies the port of loading, e.g. "FOB New York" or "FOB Vancouver".

One of the most commonly used-and misused-terms, FOB means that the shipper/seller uses his freight forwarder to move the merchandise to the port or designated point of origin. Though frequently used to describe inland movement of cargo, FOB specifically refers to ocean or inland waterway transportation of goods. "Delivery" is accomplished when the shipper/seller releases the goods to the buyer's forwarder. The buyer's responsibility for insurance and transportation begins at the same moment.
2.1.3. Type C

2.1.3.1. CFR

Cost and Freight (CFR) is an Incoterm. It means that the seller pays for transportation to the Port of Loading (POL), loading and freight. The buyer pays for the insurance and transportation of the goods from the Port of Discharge (POD) to his factory. The passing of risk occurs when the goods pass the ship’s rail at the port of shipment which means that this term cannot be used for airfreight or land transport and also is inappropriate for most containerised sea shipments - the term CPT is the appropriate one for these.

This term formerly known as CNF (C&F) defines two distinct and separate responsibilities-one is dealing with the actual cost of merchandise “C” and the other “F” refers to the freight charges to a predetermined destination point. It is the shipper/seller's responsibility to get goods from their door to the port of destination. "Delivery" is accomplished at this time. It is the buyer's responsibility to cover insurance from the port of origin or port of shipment to buyer's door. Given that the shipper is responsible for transportation, the shipper also chooses the forwarder.

2.1.3.2. CIF

Cost, Insurance and Freight (CIF) is a common term in a sales contract that may be encountered in international trading when ocean transport is used.

When a price is quoted CIF, it means that the selling price includes the cost of the goods, the freight or transport costs and also the cost of marine insurance. CIF is an international commerce term (Incoterm).

CIF is identical in most particulars with Cost and Freight (CFR), and the same comments apply, including its applicability only to conventional maritime transport. In addition to the CFR responsibilities, the seller under CIF must obtain in transferable form a
marine insurance policy to cover the risks of transit with insurers of repute. The policy must cover the CIF price plus 110 per cent and where possible be in the currency of the contract. Note that only very basic cover is required equivalent to the Institute "C" clauses, and buyers should normally insist on an "all-risk" type of policy such as that under the Institute "A" clauses. The seller's responsibility for the goods ends when the goods have been delivered on board the shipping vessel. In the guidelines for CIF published in Incoterms 2000 the term "carrier" does not appear and it clearly states "the seller must deliver the goods on board the vessel at the port of shipment" which makes CIF the incorrect term to use where the seller wishes their responsibility to end when they deliver the goods into the hands of a carrier prior to the goods passing the ship's rail at the port of loading. In the great majority of transactions the more correct term is CIP. This term is only appropriate for conventional maritime transport, not ro/ro or international container movements.

This arrangement similar to CFR, but instead of the buyer insuring the goods for the maritime phase of the voyage, the shipper/seller will insure the merchandise. In this arrangement, the seller usually chooses the forwarder. "Delivery" as above, is accomplished at the port of destination.

2.1.3.3. CPT

Carriage Paid To (CPT) is an Incoterm. It can be used for all modes of transport including multimodal transport. The seller pays for the freight to the named point of destination. The buyer pays for the insurance. The passin of risk occurs when the goods have been delivered into the custody of the first carrier.

In CPT transactions the shipper/seller has the same obligations found with CIF, with the addition that the seller has to buy cargo insurance, naming the buyer as the insured while the goods are in transit.
2.1.3.4. CIP

**Carriage and Insurance Paid to** (CIP) is an Incoterm. The passing of risk occurs when the goods have been delivered into the custody of the first carrier. This means that the buyer bears all risk and any additional costs occurring after the goods have been so delivered. It is the same as CPT except that the seller also pays for the insurance. Seller is required to obtain insurance only on minimum cover, additional coverage is responsibility of buyer or must be agreed between seller and buyer. Under CIP seller is also required to clear the goods for export.

This term is primarily used for multimodal transport. Because it relies on the carrier's insurance, the shipper/seller is only required to purchase minimum coverage. When this particular agreement is in force, Freight Forwarders often act in effect, as carriers. The buyer's insurance is effective when the goods are turned over to the Forwarder.

2.1.4. Type D

2.1.4.1. DAF

**Delivered At Frontier** (DAF) is an Incoterm. It can be used when the goods are transported by rail and road. The seller pays for transportation to the named place of delivery at the frontier. The buyer arranges for customs clearance and pays for transportation from the frontier to his factory. The passing of risk occurs at the frontier.

Here the seller's responsibility is to hire a forwarder to take goods to a named frontier, which usually a border crossing point, and clear them for export. "Delivery" occurs at this time. The buyer's responsibility is to arrange with their forwarder for the pick up of the goods after they are cleared for export, carry them across the border, clear them for importation and effect delivery. In most cases, the buyer's forwarder handles the task of accepting the goods at the border across the foreign soil.

2.1.4.2. DES

**Delivered Ex Ship** (DES) is an Incoterm. Where goods are delivered ex ship, the passing of risk does not occur until the ship has arrived at the named port of destination and the goods made available for unloading to the buyer. The seller pays the same freight and insurance costs as he would under a CIF arrangement.
In this type of transaction, it is the seller's responsibility to get the goods to the port of destination or to engage the forwarder to move cargo to the port of destination uncleared. "Delivery" occurs at this time. Any destination charges that occur after the ship is docked are the buyer's responsibility.

2.1.4.3. DEQ

Delivered Ex Quay (DEQ) is an Incoterm. It means the same as DES, but the passing of risk does not occur until the goods have been unloaded at the port of destination.

In this arrangement, the buyer/consignee is responsible for duties and charges and the seller is responsible for delivering the goods to the quay, wharf or port of destination. In a reversal of previous practice, the buyer must also arrange for customs clearance.

2.1.4.4. DDU

Delivered Duty Unpaid (DDU) is an Incoterm. It means that the seller delivers the goods to the buyer to the named place of destination in the contract of sale. The goods are not cleared for import or unloaded from any form of transport at the place of destination. The buyer is responsible for the costs and risks for the unloading, duty and any subsequent delivery beyond the place of destination.

However, if the buyer wishes the seller to bare cost and risks associated with the import clearance, duty, unloading and subsequent delivery beyond the place of destination, then this all needs to be explicitly agreed upon in the contract of sale.

The term is used irrespective of the mode of transport. However when the delivery is to take place at the port of destination, either on board the vessel or on the quay, then the DES or DEQ terms shall be used.

This arrangement is basically the same as with DDP, except for the fact that the buyer is responsible for the duty, fees and taxes.

2.1.4.5. DDP

Delivered Duty Paid (DDP) is an Incoterm. It means that the seller pays for all transportation costs and bears all risk until the goods have been delivered and pays the duty.

DDP terms tend to be used in intermodal or courier-type shipments. Whereby, the
shipper/seller is responsible for dealing with all the tasks involved in moving goods from the manufacturing plant to the buyer/consignee's door. It is the shipper/seller's responsibility to insure the goods and absorb all costs and risks including the payment of duty and fees.

2.2. TYPES OF PAYMENT METHODS

2.2.1. Cash Payment

CIA (Cash in Advance) - A method of payment for goods whereby the buyer pays the seller prior to shipping the goods.

Cash payment In international trade transactions, this refers to the portion paid by the importer prior to shipment (usually 15% of the total sales price or invoice value). It is mandatory for the extension of most medium and long-term guarantee/insurance and trade financing facilities.

2.2.2. Cash Against Documents (CAD)

CAD (Cash Against Documents) - A method of payment for goods in which documents transferring title are given to the buyer upon payment of cash to an intermediary acting for the seller.

2.2.3. Letter Of Credit

Letter of Credit (L/C) - A document issued by a bank per instructions by a buyer of goods authorizing the seller to draw a specified sum of money under specified terms. Issued as revocable or irrevocable.

Letter of Credit, Confirmed - A letter of credit containing a guarantee on the part of both the issuing and advising banks of payment to the seller, provided the seller's documentation is in order and the terms of the letter of credit are met.
Table 2.1: Letter of Credit

2.2.4. Consignment Sale

Consignee - The individual or company to whom a seller or shipper sends merchandise and who, upon presentation of necessary documents, is recognized as the merchandise owner for the purpose of declaring and paying customs duties.

Consignor - A term used to describe any person who consigns goods to himself or to another party in a bill of lading or equivalent document. A consignor might be the owner of the goods, or a freight forwarder who consigns goods on behalf of his principal.
A- QUESTIONS

Circle the correct answer

1. It means that the seller pays for all transportation costs and bears all risk until the goods have been delivered and pays the duty.

   A) DDU  
   B) DDP  
   C) DEQ  
   D) DES

2. It means that the seller pays for all transportation costs and bears all risk until the goods have been delivered, but does not pay for the duty.

   A) DES  
   B) DEQ  
   C) DDU  
   D) DDP

3. It can be used when the goods are transported by rail and road. The seller pays for transportation to the named place of delivery at the frontier. The buyer arranges for customs clearance and pays for transportation from the frontier to his factory. The passing of risk occurs at the frontier.

   A) DAF  
   B) DES  
   C) DEQ  
   D) DDU

4. It means the same as DES, but the passing of risk does not occur until the goods have been unloaded at the port of destination.

   A) DDP  
   B) DDU  
   C) DAF  
   D) DEQ
5. Where goods are delivered ex ship, the passing of risk does not occur until the ship has arrived at the named port of destination and the goods made available for unloading to the buyer.

A) DDU  
B) DAF  
C) DES  
D) DDP

6. It means that the seller X has the goods ready for collection at his premises (Works, factory, warehouse, plant) on the date agreed upon.

A) EXW  
B) FCA  
C) FAS  
D) FOB

7. It means that the seller delivers the goods into the custody of the first carrier, and this is where risk passes from seller to buyer. The buyer pays for the transportation.

A) CFR  
B) FCA  
C) EXW  
D) FOB

8. This term is primarily used for multimodal transport. Because it relies on the carrier's insurance, the shipper/seller is only required to purchase minimum coverage.

A) CIP  
B) CPT  
C) CIF  
D) CFR

9. It means that the seller pays for transportation of the goods to the port of shipment. The buyer pays loading costs, freight, insurance, unloading costs and transportation from the port of destination to his factory.

A) EXW  
B) FCA  
C) FOB  
D) FAS
10. It means that the seller pays for transportation of the goods to the port of shipment, plus loading costs. The buyer pays freight, insurance, unloading costs and transportation from the port of destination to the factory.

A) FAS  
B) CIF  
C) FOB  
D) CIP  

11. It means that the seller pays for transportation to the Port of Loading (POL), loading and freight. The buyer pays for the insurance and transportation of the goods from the Port of Discharge (POD) to his factory.

A) CIF  
B) CFR  
C) CPT  
D) CIP  

12. It is a common term in a sales contract that may be encountered in international trading when ocean transport is used.

A) CIP  
B) CPT  
C) CIF  
D) CFR  

13. It means that the seller pays for all transportation costs and bears all risk until the goods have been delivered, but does not pay for the duty.

A) DDU  
B) DEQ  
C) DES  
D) DAF  

14. Which isn’t a payment method in foreign trade?

A) Cash in advance  
B) Cash against documents  
C) Letter of credit  
D) Certificate of origin
15. A term used to describe any person who consigns goods to himself or to another party in a bill of lading or equivalent document. A ................. might be the owner of the goods, or a freight forwarder who consigns goods on behalf of his principal.

A) Buyer
B) Consignor
C) Consignee
D) Seller
EVALUATION CRITERIA

Evaluate yourself with a friend of yours. If you need, go to the learning objective and repeat the subject that you believe you couldn’t learn.

<table>
<thead>
<tr>
<th>The Student’s</th>
<th>The examination’s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name-Surname:</td>
<td>Starting Time :</td>
</tr>
<tr>
<td>Class :</td>
<td>Finishing Time :</td>
</tr>
<tr>
<td>Number :</td>
<td>Used Time :</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CRITERIA</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LEARNING PROCESS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember INCOTERMS?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what EXW is?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what FCA is?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what FAS?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what FOB is?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what CFR is?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what CIF is?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what CPT is?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what CIP is?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what DAF is?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what DES is?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what DEQ is?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what DDU is?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what DDP is?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what CIA is?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what CAD is?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what letter of credit is?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what consignment sale is?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
LEARNING ACTIVITY-3

AIM

At the end of this learning activity, students should be able to:

- Learn types of documents in foreign trade.

SEARCH

- Go to a foreign trade company and ask the documents about foreign trade. If possible, try to have sample documents and prepare a chart to show the documents.

“A man’s feet must be planted in his country, but his eyes should survey the world.”

George Santayana

3.1. Pro Forma Invoice

Pro forma invoice is the first draft of the exporter's bill, provided to the importer prior to shipment of the merchandise, informing him of the kind and quantity of goods to be sent, their estimated price and other characteristics (weight, size, etc.). On the basis of this information, the importer will decide whether he wants to confirm an order or not.

3.2. Commercial Invoice

An invoice is a commercial document issued by a seller to a buyer, indicating the products, quantities and agreed prices for products or services with which the seller has already provided the buyer. An invoice indicates that, unless paid in advance, payment is due by the buyer to the seller, according to the agreed terms. Invoices are often called bills.
From the point of view of a seller, an invoice is a **sales invoice**. From the point of view of a buyer, an invoice is a **purchase invoice**. The document indicates the buyer and seller, but the term invoice indicates money is owed or owing. In English, the context of the term invoice is usually used to clarify its meaning, such as "We sent them an invoice" (they owe us money) or "We received an invoice from them" (we owe them money).

A typical invoice contains

- seller's address for payment (remit-to address)
- buyer's Purchase order (PO) and the seller's invoice number
- seller's tax ID number or Data Universal Numbering System (DUNS)
- date the invoice was recorded and the date the items were shipped
- buyer's billing and shipping addresses
- terms of payment, including due date, discount due date and discount amount
- line-item list for each product, one per row, with columns showing quantity, unit of measure, unit cost, product description, sub-total line cost, tax, total line cost, and item notes.
- shipping method and cost
- sum of each column, showing total number of items, raw sub-total, sub-total tax, and total amount due
**COMMERCIAL INVOICE**

<table>
<thead>
<tr>
<th>CONSIGNEE</th>
<th>PAYMENT: CASH AGAINST DOCUMENTS (CAD)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dior Gmbh.</td>
<td></td>
</tr>
</tbody>
</table>

**DELIVERY:** FOB - DERINCE

**DELIVERY DATE:** 20.04.2005

**ADDRESS:**
BACHMATT STR.4 CH–4536 ATTISWIL SWITZERLAND

**OUR BANK:** D&O BANK/IZMIT-TURKEY

**ORIGIN OF GOODS:** TURKEY

<table>
<thead>
<tr>
<th>ITEM NO</th>
<th>DESCRIPTION</th>
<th>QUANTITY</th>
<th>UNIT PRICE</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cotton textiles</td>
<td>1000 Pcs</td>
<td>3 USD $</td>
<td>3000 USD $</td>
</tr>
</tbody>
</table>

**TOTAL**
1000 Pcs 3 USD $ 3000 USD $

Table 3.1: Commercial Invoice
Table 3.2: Commercial Invoice Sample

3.3. Packing List

Packing list is a list describing the number and kind of the shipped items, as well as other information needed for transportation purposes.
3.4. ATA Carnet

The ATA Carnet is an international Customs document that a traveler may use temporarily to import certain goods into a country without having to engage in the Customs formalities usually required for the importation of goods, and without having to pay duty or value-added taxes on the goods.

Carnets are a security that participating countries accept as a guarantee against the payment of Customs duties that may become due on goods temporarily imported under a carnet and not exported as required. “ATA” stands for the combined French and English words “Admission Temporaire-Temporary Admission.”

3.5. TIR Carnet

The TIR carnets are Customs transit documents used for an international transit operation of goods.

Each TIR carnets has a unique reference number. A TIR carnets may have 4, 6, 14, or 20 vouchers, as one pair of vouchers is used per country; the number of vouchers indicates the number of countries that can be transited, including the countries of departures and destinations, under cover of this type of carnets, e.g. a 14-voucher carnets may be used for a TIR transport through up to 7 countries.
Each individual TIR carnnet can be used for one TIR transport. Once the TIR operation has been terminated at the Customs office of destination of the goods, the driver is handed back the TIR carnnet duly endorsed by the Customs authorities of destination and may proceed with the goods' delivery.

<table>
<thead>
<tr>
<th>Table 3.4: The Sample of TIR Carnet</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. TIR KARNESİ</strong></td>
</tr>
<tr>
<td>3. Kimin tarafından verildiği</td>
</tr>
<tr>
<td>4. Karne sahibinin (isim, adres, ülke)</td>
</tr>
<tr>
<td>Taşıyon firma (isim, adres, ülke)</td>
</tr>
<tr>
<td>5. Çıkış Ülke</td>
</tr>
<tr>
<td>6. Varış Ülke</td>
</tr>
<tr>
<td><strong>MALLARIN MANİFESTOSU</strong></td>
</tr>
<tr>
<td>8. Manifestoya ekli dokümanlar</td>
</tr>
<tr>
<td><strong>9. a) Yük gönderil ve konteyneri</strong></td>
</tr>
<tr>
<td>h) Koliyerin veya parça eşyalarının marka ve no'su</td>
</tr>
<tr>
<td><strong>10. Koliyerin veya parça eşyalarının adedi ve nevi malın cinsi</strong></td>
</tr>
<tr>
<td><strong>13. kg. olarak brüt ağırlık</strong></td>
</tr>
<tr>
<td><strong>16</strong> Taşın edilmiş mühür veya taşınma işaretleri sayısı</td>
</tr>
<tr>
<td><strong>12. Koliyerin Toplam adedi Manifesto üzerine</strong></td>
</tr>
<tr>
<td>kayıtları</td>
</tr>
<tr>
<td>Adedi 13. 1'den 12'ye kadar yukarıdaki maddelerde bulunan malnamesi tam ve doğru olarak beyan ediyoruz.</td>
</tr>
<tr>
<td>14. Yev ve Tarz</td>
</tr>
<tr>
<td>15. Karno sahibinin veya Asentenin imzası</td>
</tr>
<tr>
<td>18. Çıkış gümrüğü veya yol boyu giriş gümrüğü tarafından malın gümrük muayenesine dair verilen belge</td>
</tr>
<tr>
<td>23. <strong>21. Gümrük Idaresi</strong> tarihli kayıtların mühürleri</td>
</tr>
<tr>
<td><strong>24. (Yol boyu çıkış gümrüğü veya varış gümrüğü verilen iha belgesi)</strong></td>
</tr>
<tr>
<td><strong>25. Müühürler ve tanıtma işaretleri sağlan bölümü</strong></td>
</tr>
<tr>
<td><strong>26. Boşaltılan koliyerin miktarı</strong></td>
</tr>
<tr>
<td><strong>27. İstiyazi kayıt</strong></td>
</tr>
<tr>
<td><strong>28. Gümrük muhurunun imzası ve gümrük idaresinin tarih ve mühürleri</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2. Çoklu Gümrük idareleri</th>
<th>3. Ressi merkezler tarafından doldurulacak</th>
</tr>
</thead>
<tbody>
<tr>
<td>8. Manifestoya ekli dokümanlar</td>
<td></td>
</tr>
</tbody>
</table>

36
### 3.6. ATR Movement Certificate

The **ATR Certificate** is a customs document used in trade between EU members and Turkey, to benefit from cheaper rates of duty.

**Table 3.5: ATR Movement Certificate “front side”**
### Table 3.6: ATR Movement Certificate “back side”

**3.7. EUR.1 Form**

EUR.1 is the name for a form, which is used in international commodity traffic. The application of this form is based on application of various bi- and multilateral agreements within the Pan-European preference system (the European Union Association Agreement). In the free trade agreements goods are defined, which apply to cheaper rates of duty or to be completely duty-free introduced, on the condition that they were completely manufactured in a member country or in such were so far worked on that they become on an equal footing in accordance with the agreements of the origin of the products. In order to profit from the preferential rate during a customs clearance, a EUR.1 movement certificate, in short EUR.1, must be handed over to the responsible authority (customs administration), in which the manufacturer certifies the origin of the goods.
The EUR.1 is recognized also as a certificate of origin in the external trade in legal sense. In place of a movement certificate also a declaration of origin on the invoice can be provided by the manufacturer or sender of the goods, if the amount of items with EU preferential origin on the invoice does not exceed 6,000 Euro. If it concerns an approved exporter, the delimitation of 6,000 Euro does not apply. The creator of such a movement certificate or declaration of origin must be able to prove the origin characteristics of the goods with a possible check on supplier declarations.

The exporter fills in the form and then hands it over or sends it in to the competent authorities, usually customs, who stamp it and send it back to the exporter.

Table 3.7: EUR 1 Movement Certificate “front side”
Table 3.8: EUR 1 Movement Certificate “back side”

3.8. Certificate of Origin

A certificate of origin is a document attesting that goods in a particular shipment are of a certain origin. This certificate is required by a countries customs authority in deciding whether the imports should benefit from preferential treatment in accordance with special trading areas or customs unions such as the EU or NAFTA or before anti-dumping taxes are enforced.

The European Union for example generally determines the origin country by the location of which the last major manufacturing stage took place in the products production,
using less stringent definitions on developing countries in accordance with the Generalized System of Preferences.

Table 3.9: Certificate Of Origin

3.9. Generalized System of Preferences, Or Gsp

The Generalized System of Preferences, or GSP, is a formal system of exemption from the more general rules of the World Trade Organization, WTO, (formerly, the General Agreement on Tariffs and Trade or GATT). Specifically, it's a system of exemption from the Most Favored Nation principle, MFN, that obligates WTO member countries to treat the
imports of all other WTO member countries no worse than they treat the imports of their "most favored" trading partner. In essence, MFN requires WTO member countries to treat imports coming from all other WTO member countries equally, that is, by imposing equal tariffs on them, etc.

Table 3.10: FORM A Front Side
An Insurance contract determines the legal framework under which the features of an insurance policy are enforced. Insurance contracts are designed to meet very specific needs and thus have many features not found in many other types of contracts. Many features are similar across a wide variety of different types of insurance policies.
Table 3.12: Insurance Contract

3.11. Phytosanitary Inspection Certificate

**Phytosanitary Inspection Certificate** is a certificate issued by an exporting countries' Department of Agriculture indicating that a shipment has been inspected and is free of harmful pests and plant diseases.
<table>
<thead>
<tr>
<th>1- Name and address of exporter</th>
<th>2- PHytosanitary Certificate</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No: EEC / TR</td>
</tr>
<tr>
<td>3- Declared name and address of consignee</td>
<td>4- Plant protection Organization of Türkiye</td>
</tr>
<tr>
<td></td>
<td>to Plant Protection Organization(s) of</td>
</tr>
<tr>
<td></td>
<td>5- Place of origin</td>
</tr>
<tr>
<td>7- Declared point of entry</td>
<td></td>
</tr>
<tr>
<td>8- Distinguishing marks: number and description of packages: name of produce: botanical name of plants</td>
<td>9- Quantity declared</td>
</tr>
<tr>
<td>10- This is to certify that the plant products described above - have been inspected according to appropriate procedures and - are considered to be free from quarantine pests and practically free from other injurious pests: and that they - are considered to conform with the current phytosanitary regulations of the importing country</td>
<td></td>
</tr>
<tr>
<td>11- Additional declaration</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DISINFESTATION AND/OR DISINFECTION TREATMENT</th>
<th>18- Place of issue</th>
</tr>
</thead>
<tbody>
<tr>
<td>12- Treatment</td>
<td></td>
</tr>
<tr>
<td>13- Chemical (active ingredient)</td>
<td>14- Duration and temperature</td>
</tr>
<tr>
<td>15- Concentration</td>
<td>16- Date</td>
</tr>
<tr>
<td>17- Additional information</td>
<td></td>
</tr>
</tbody>
</table>

Table 3.13: Phytosanitary Inspection Certificate
3.12. Radiation Certificate

Table 3.14: Radiation Certificate

3.13. Certificate of Inspection

Certificate of inspection is a document often required with shipments of perishable or other goods, when certification notes the good condition of the merchandise immediately prior to shipment.

3.14. Consignment Note

Consignment note is a document prepared by the shipper and comprising a transport contract. It contains details of the consignment to be carried to the port of loading and it is signed by the inland carrier as proof of receipt.
A- QUESTIONS

Circle the correct answer

1. ...................... is a commercial document issued by a seller to a buyer, indicating the products, quantities and agreed prices for products or services with which the seller has already provided the buyer.

A) Insurance contract  
B) Certificate of origin  
C) An invoice  
D) Pro forma invoice

2. The ...................... is an international customs document that a traveler may use temporarily to import certain goods into a country without having to engage in the customs formalities usually required for the importation of goods, and without having to pay duty or value-added taxes on the goods.

A) ATR1 Certificate  
B) ATA Carnet  
C) Packing list  
D) GSP

3. ......................... is a list describing the number and kind of the shipped items, as well as other information needed for transportation purposes.

A) Pro forma invoice  
B) Phytosanitary Inspection Certificate  
C) Generalized System of Preferences  
D) Packing list

4. ......................... is the name for a form, which is used in international commodity traffic. The application of this form is based on application of various bi- and multilateral agreements within the Pan-European preference system (the European Union Association Agreement).

A) EUR.1  
B) ATR.1 Certificate  
C) Certificate of inspection  
D) Insurance contract
5. A .......................... is a document attesting that goods in a particular shipment are of a certain origin.

A) Certificate of inspection  
B) Certificate of origin  
C) Insurance contract  
D) Consignment note

6. ....................... is a document often required with shipments of perishable or other goods, when certification notes the good condition of the merchandise immediately prior to shipment.

A) ATR.1 Certificate  
B) EUR.1  
C) ATA Carnet  
D) Certificate of inspection

7. ...................... is a document prepared by the shipper and comprising a transport contract.

A) Pro forma invoice  
B) Certificate of inspection  
C) Consignment note  
D) Phytosanitary Inspection Certificate

8. ........................ is a certificate issued by an exporting countries’ Department of Agriculture indicating that a shipment has been inspected and is free of harmful pests and plant diseases.

A) Phytosanitary Inspection Certificate  
B) Generalized System of Preferences  
C) Certificate of inspection  
D) ATR.1 Certificate

9. The ........................ is a customs document used in trade between EU members and Turkey, to benefit from cheaper rates of duty.

A) ATA Carnet  
B) Certificate of inspection  
C) Pro forma invoice  
D) ATR.1 Certificate
10. .......................... is the first draft of the exporter's bill, provided to the importer prior to shipment of the merchandise, informing him of the kind and quantity of goods to be sent, their estimated price and other characteristics (weight, size, etc.).

A) Insurance contract  
B) Pro forma invoice  
C) Packing list  
D) Commercial invoice
EVALUATION CRITERIA

Evaluate yourself with a friend of yours. If you need, go to the learning objective and repeat the subject that you believe you couldn’t learn.

<table>
<thead>
<tr>
<th>The Student’s</th>
<th>The examination’s</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name-Surname:</td>
<td>Starting Time :</td>
</tr>
<tr>
<td>Class :</td>
<td>Finishing Time :</td>
</tr>
<tr>
<td>Number :</td>
<td>Used Time :</td>
</tr>
</tbody>
</table>

**CRITERIA**

**LEARNING PROCESS**

<table>
<thead>
<tr>
<th>Did you remember what commercial invoice is?</th>
<th>YES</th>
<th>NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Did you remember what packing list is?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what Insurance contract is?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what certificate of origin is?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what Phytosanitary Inspection Certificate is?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what Pro forma invoice is?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what GSP is?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what ATR.1 Certificate is?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what Certificate of inspection is?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what consignment note is?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what EUR.1. FORM is?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Did you remember what ATA Carnet and Tir Carnet are?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
# ANSWER KEY

**LEARNING ACTIVITY-1**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>A</td>
</tr>
<tr>
<td>2</td>
<td>C</td>
</tr>
<tr>
<td>3</td>
<td>B</td>
</tr>
<tr>
<td>4</td>
<td>D</td>
</tr>
<tr>
<td>5</td>
<td>A</td>
</tr>
<tr>
<td>6</td>
<td>B</td>
</tr>
<tr>
<td>7</td>
<td>B</td>
</tr>
<tr>
<td>8</td>
<td>C</td>
</tr>
<tr>
<td>9</td>
<td>B</td>
</tr>
<tr>
<td>10</td>
<td>B</td>
</tr>
<tr>
<td>11</td>
<td>C</td>
</tr>
<tr>
<td>12</td>
<td>D</td>
</tr>
<tr>
<td>13</td>
<td>D</td>
</tr>
<tr>
<td>14</td>
<td>A</td>
</tr>
<tr>
<td>15</td>
<td>A</td>
</tr>
<tr>
<td>16</td>
<td>C</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
</tr>
<tr>
<td>1</td>
<td>B</td>
</tr>
<tr>
<td>2</td>
<td>C</td>
</tr>
<tr>
<td>3</td>
<td>A</td>
</tr>
<tr>
<td>4</td>
<td>D</td>
</tr>
<tr>
<td>5</td>
<td>C</td>
</tr>
<tr>
<td>6</td>
<td>A</td>
</tr>
<tr>
<td>7</td>
<td>B</td>
</tr>
<tr>
<td>8</td>
<td>A</td>
</tr>
<tr>
<td>9</td>
<td>D</td>
</tr>
<tr>
<td>10</td>
<td>C</td>
</tr>
<tr>
<td>11</td>
<td>B</td>
</tr>
<tr>
<td>12</td>
<td>C</td>
</tr>
<tr>
<td>13</td>
<td>A</td>
</tr>
<tr>
<td>14</td>
<td>D</td>
</tr>
<tr>
<td>15</td>
<td>B</td>
</tr>
</tbody>
</table>
**LEARNING ACTIVITY-3**

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>C</td>
</tr>
<tr>
<td>2</td>
<td>B</td>
</tr>
<tr>
<td>3</td>
<td>D</td>
</tr>
<tr>
<td>4</td>
<td>A</td>
</tr>
<tr>
<td>5</td>
<td>B</td>
</tr>
<tr>
<td>6</td>
<td>D</td>
</tr>
<tr>
<td>7</td>
<td>C</td>
</tr>
<tr>
<td>8</td>
<td>A</td>
</tr>
<tr>
<td>9</td>
<td>D</td>
</tr>
<tr>
<td>10</td>
<td>B</td>
</tr>
</tbody>
</table>
REFERENCES

- BERTRAND, Kate. With Customers, the Closer the Better, Business Marketing, July 1989.
- İGEME, 100 Soruda Düş Ticaret, Ekim 2006.


www.civicus.org/new/media/Budgeting 15/08/2007