



AGRO EXPORT GUIDE PART THREE

STEP BY STEP GUIDE TO EXPORT

Have you ever wonder how an Asian man will come into this country with a briefcase and 5 years later become an employer of labour by harnessing our resources to build wealth for himself via agro export and commodity trading in Nigeria.

GREEN WHALES LTD

5/21/2016

ANALYZE THE MARKET

Keep informed: Read everything you can find about world trade. Look at trade publications, international newspapers, news magazines, and financial reports. Who is selling what to whom?

You can get goods to sell, but you have to be sure to study where they are in demand and can get the price to make exportation viable. Your questionnaires will tell you what further and read the journals published by that country and many are available in English. Do these publications confirm the desire for certain products?

The American market for imported products fluctuates with the value of the dollar in comparison to the value of each other country's currency. And, importation prices reflect that directly. Can American consumers afford to pay the price of certain imported goods? Or will they?

Finding the right market is as important as the actual particulars of making deals and selling goods. What do you think will sell? If you do some careful studies and think about the trends, you'll be able to come up with hundreds of products to export.

The export business is actually smaller than you might think. There are only a few of these businesses, that's why there is plenty of room for more.

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WHERE TO FIND HELP

Establish a good business relationship with a relationship with a reputable local bank that handles international business. Your personal banker will follow through on the actual foreign transactions, and will help keep your credit afloat. In fact, that is one of the best factors about an export business. Aside from office supplies and correspondence, or possible business trips, you need a personal cash outlay. All you need is good credit and a good reputation.

Your banker is your credit manager and will give you valuable advice and references when you deal with both foreign manufacturers (buyers).

The Nigeria Export Promotion Council is a great place to find help. These agencies promote the export business, and publish many small booklets and pamphlets. They also distribute continually updated reports on foreign markets, commerce and financing.

Read these sources of information and find out the particulars of exports, global surveys and ocean freight guidelines. Become familiar with the market share reports, current laws and regulations, and government promotional facilities.

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MAKING CONNECTIONS

As you continue your correspondence with foreign companies, build up a good rapport with their representatives. Pin down a few companies perhaps in the same country or similar territory to their exact needs. What are the two or three products most in demand?

Consider their methods of distribution. You may be able to work directly with a wholesaler or an overseas importing company. Your commission will be lower, but you won't need to handle as many particulars, and they will take care of distribution.

Or, you may need to supply catalogs and samples, working with a network of small companies, or sales representatives from a larger conglomerate.

The highest fees that you can collect are for raw materials taken from the source and delivered directly to a manufacturer. But you must be certain of a guaranteed quantity and the continued ability to deliver.

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To secure an export contract for your products, the following options can be explored:

- International Chamber of Commerce (ICC) Nigeria.
- Bilateral Chamber of commerce (e.g Nigeria-German Business Association)
- Trade Brokers
- Personal Contacts
- Consulting Firms
- Referrals from other exporters
- Friends and Relatives abroad
- Business to Business Portal (B2B)

MAKING AN AGREEMENT

Once you have agreed to represent the manufacturer as the export agent, you need to have a written and signed contract to bind this agreement. Your attorney should be the one to draw up this contract later you can just use the same one, substituting names of other manufacturers.

The terms of the contract should then be stated: how many years the contract will be signed for, the terms of cancellation by either party voluntarily or because of no sales action over a certain period of time.

THE SALE

You've made your contracts with foreign buyers who will be the merchandise. You have made an arrangement (source) with the local

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famer that will deliver the goods to you. Perhaps the buyer (client) now asks for a firm quotation on the price of a certain quantity of goods. Note: You must have gone to the farm (source) to get the current prevailing price per unit then multiply total quantity by unit price to give you the total contract value of goods. Note: The stated price should be valid for a certain period of time. Don't forget to add on the commission you want to the price of goods. Then you add on all the extra costs of getting the merchandise from the source to the sea port.

TERMS OF SHIPPING

You will become more familiar with the terms of shipping used in quoting prices and delivering goods as you gain experience. Your responsibilities vary with the terms of the agreements and orders. Check with your freight forwarder to be clear about your responsibilities.

A **bill of lading** is a receipt for goods shipped. It is signed by the agent of a ship or common carrier and assures the buyer that the goods were unloaded in the same condition as they were accepted. These are the documents you will need to produce for your banker to release the letter of credit.

FOB: Means Free on Board. The seller delivers the goods to a certain destination with no additional charges. The seller insures and takes the responsibility until that point. The buyer takes the responsibility and pays the charges after that. For example, FOB Tin-Can, Lagos Port means the

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seller's price quotation includes full responsibility and shipping to Tin-Can, Lagos Port. Most of Nigerian export prefer FOB basis, especially the start up because of the easiness and little charges compare to C & F and CIF basis.

C & F: Means Cost and Freight. The seller pays the freight charges. The buyers insures the merchandise and takes full responsibility after the destination.

CIF: Means Cost Insurance and Freight. The seller is responsible for the value and condition of the goods, and pays both insurance and freight charges to a certain point. The buyer is responsible from there.

THE FREIGHT FORWARDER

A ***freight forwarder*** is a person who takes care of the important steps of shipping the merchandise. This person quotes shipping rates, provides routing information, and book cargo space.

Freight forwarders prepare documentation, contract shipping insurance, rout cargo with the lowest customs charges, and arrange storage. They are valuable to you as an exporter, and they are important in handling the steps from factory to final destination.

They can be found by looking in our own yellow pages like vconnect.com or google them up or by personal referrals. Find someone who can do a good job for you. You will need someone who you can work with, since this may become a long term business relationship.

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You will need the help of a freight forwarder when you make up the total; price quotation to the buyer. Not only do you include the manufacturer's price and your commission, usually added together, but you need to include dock and cartage fees, the forwarder's fees, ocean freight costs, marine insurance, duty charges, and any consular invoice fees, packing charges or other hidden costs.

Be especially careful when you prepare this quotation. It certainly isn't professional to come back to the buyer with a higher quote including fees you forgot. You might go over the price quotation with your freight forwarder to be sure nothing is overlooked.

Usually the quotation is itemized into three main categories of cost of goods, which includes your commission; freight charges from destination to destination; and insurance fees.

PRE-EXPORT DOCUMENTATIONS IN NIGERIA

The following documents are required by CBN to be submitted to the bank before any legal export can take place. These include:

- Completed original NXP form
- Valid Nigeria Export Promotion Council (NEPC) license (copy)
- Valid Proforma Invoice (copy)

POST EXPORT DOCUMENTATIONS

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Upon shipment of the goods, the following documents (called exchange control documents) are required by CBN to be submitted to the bank:

- NXP form duly endorsed and stamped by the Nigerian Custom Service, evidencing shipment of goods.
- Receipt of payment for Nigeria Export Supervision Scheme (NESS) fee i.e. naira equivalent of 0.5% of the FOB value of the shipment.
- Single good declaration (SGD) for issued by customs
- Clean Certificate of Inspection (CCI) issued by Cobalt.

OTHER DOCUMENTS INCLUDE:

- Bill of Lading
- Invoice
- Packing list
- Certification of incorporation (COPY)

THE LETTER OF CREDIT

A letter of credit eliminates financial risks for you as an exporter and the client (buyer). When you confirm the order, a letter of credit is drawn from that company's bank to your bank.

This letter of credit confirms that funds are available from the buyer to cover the same cost you quoted. An ***Irrevocable Letter of Credit*** assures you the order will not be cancelled at any time. When that letter of credit is likewise confirmed by your bank to deliver the goods, the seller is assured of delivery. Once the letter of credit is confirmed

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by the bank, the currency exchange is also confirmed, so you don't have to worry about the fluctuation in currency.

Basically, the bank holds the money until all shipping documents are presented. The letter of credit states the terms and conditions to make it legal and negotiable into money, usually holding for proof of shipment of the goods. After concluding the procurement of the commodities, and transport to the sea port, your freight forwarder helps you attain all those documents. Then you hand the documents to the banker, and then your money is released.

Never work on promises. Not only do you take a gigantic risk, but you create bad risks for everyone you are involved with. A letter of credit is the only sure way to transfer these payments.

CASH AGAINST DOCUMENT:

You ship the goods before payment but don't release the documents to transfer ownership and possession of them (shipping documents) until your overseas buyer has made an irrevocable payment for the goods. Your bank and your buyer's bank facilitated the transfer of the payment and shipping documents. Alternatively, you can use your agent in your buyer's country.

MAKING IT WORK

The export business is a high profit enterprise. Because of the low overhead, most of the money you make on commission is yours. But

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building a truly profitable business requires dedication and a good knowledge of the business. You need numerous contacts that you know, respect you, and can recommend your work. You need to have good agents both here and abroad to help you follow through on the delivery of the goods. You need a good working relationship with your own bank and possibly the others that letters of credit come into as branch transfers from foreign offices.

The export business is not for everyone. But it is a personal operation that you can run yourself, you don't have to answer to anybody. The rewards of negotiating a foreign country are excitement, a touch of the exotic, and the great profit potentials. When you make the proper contacts and follow through completely with reputable manufacturers, reliable shipping companies, and responsible distributors, you have it made.

If you are ready to put in the time, sell yourself start making inquiries and contacts. Try it on for size. Does it feel good? Then **MAKE IT SUCCEED. You will SUCCEED!!**

WOW!!! I want to congratulate you for getting this far, it really shows your seriousness and interest in the business, it simply means you have what it takes to succeed in the business.

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MY EXPERIENCE SO FAR:

WHALES ENERGY VENTURES is an agricultural commodity export business registered under Corporate Affairs Commission (CAC) since August, 2011, but has recently been upgraded to **GREEN WHALES LTD.** **Mr. Bankole Kayode** (*Managing Director*) and **Mr. David Temitope Rasaki** (*Quality Control Manager*) has been running the affairs of the business for the past 5 years.

Since 2011 we have been able to transact with the following companies:

1. PHU Mirand, Poland from 2011 to 2013. - **Hardwood Charcoal**
2. DASCOS Nigeria Limited, a UK based company, 2014. - **Hardwood Charcoal**
3. BELVIC Internationals, Dubai. 2015 (In partnership with STACHEM Concept) - **Hardwood Charcoal**
4. SUNBUD Internationals, China. 2015. (In partnership with STACHEM Concept) – **Hardwood Charcoal**
5. MARTIN LEGMANI, Italy. 2016 (**Palm Kernel Shell**)

RECOMMENDATION: Attend our one on one training to get clearer understanding of the business, we will guide you to opening and posting products on our recommended B2B portals and you will be opportune to sign up to our **ONE YEAR MENTORSHIP PROGRAM**

BENEFITS OUR MENTORSHIP PROGRAM

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- **Highly affordable**, as the purpose is to get as many interested in export involved and to avoid the learning the hard way.
- **The ART of negotiation**, it takes experience to follow up and responds to clients inquiries accordingly.
- **Dealing with LOCALS**, the most difficult set of people to deal with in export business is not the clients but our own people (local suppliers), as they are always at alert to swindle you.
- **One straight year of MENTORSIP**, you will be leveraging on our 5 years experience (our wining and losses) to build your own export business.
- **Opportunity to start small and grow**, I have a philosophy called “creating the problem, then solution will follow”.
- **Our MENTEE will EARN while LEARNING.**
- **And LOTS more.**

REGARDS

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