

Quotation for Export

Export quotation may take various forms: a verbal agreement, a telephone, telex, cable, fax, airmailed letter or E-mail. It may also be a **pro-forma invoice**, which is an outline of what the commercial invoice would be-showing all details of the shipment.

Export quotation should describe the goods, the quantity involved, the unit price, the total value, the delivery and payment terms.

The export quotation, of which the **price is one ingredient only, in business law, an offer. Once accepted by the buyer, an export contract comes into being.** Should the foreign buyer respond to your offer with a counter-offer (e.g. agreeing to buy only, with different payment terms), then an export contract is formed only if you accept the counter-offer.

The most usual form of export price quotation is CIF and a named foreign port. This means that the exporter is responsible for paying all costs until the goods arrive at the foreign port. The price is usually quoted in U.S. dollars. The foreign importer can then calculate his **landed cost** for the product by adding to the C.I.F. price quoted, the import duty, local taxes and local transportation costs.

To make the product more attractive to foreign buyer, exporters sometimes quote FOB price and a named foreign port or city. Thus, for example, a Japanese firm may quote FOB Hamburg price to its European customers.

Actually, these prices are identical with C.I.F. prices because all the cost of shipping the goods are paid by the exporter. The importer only need to add on the duty, taxes and transportation costs from Hamburg to his warehouse in Frankfurt, to calculate his final cost.

On the other hand, the exporter may quote Special International Trade Terms F.O.B. Karachi Port or F.O.B. any Pakistan International Airport. What this means is that the cost of transporting the goods up to the point where the goods are loaded onto the Ship or Airplane and any other service charges are paid by the exporter.

The cost and all other charges for shipping from Port Klang or KL Airport to the importer warehouse will be paid by the importer.