

# Importing: the 10 basic steps

Small Business Development Corporation

**Importing is often thought to be easier than exporting and perhaps in some ways it is. But there can be many traps for the unwary and inexperienced and it is therefore most important that you understand the basic steps before you even think about placing an order.**

**If importing for resale, you must determine first and foremost if a viable market exists in Australia. You should consider is there a need for the product; who are the potential buyers; where are they located; how much and how often will they buy; what is the competition and how does your product stand up against it?**

**It is important therefore that you do your homework first. Here are the ten basic steps:**

**1. Identify potential suppliers and obtain a catalogue, samples, prices and payment terms**

The chambers of commerce, industry associations, foreign embassies and consuls and government departments of trade can help in the process of supplier identification. The Internet is also a good source of information. The price should be based on and include a reference to Incoterms, eg: AU\$500 CIF Fremantle 2000 Incoterms or US\$100 FOB Singapore 2000 Incoterms. Incoterms represent the foundation for the interpretation of trade terms between countries. Therefore, a reference to Incoterms in the contract price reduces the likelihood of a misunderstanding between you and the supplier.

**2. Select a customs broker to assist with importation**

Customs brokers expedite quick and trouble free clearance of goods through Customs and Quarantine. They are experienced in valuation, duty rates, tariff concessions and freight. Customs brokers are listed in the Yellow Pages and may also be identified through the Customs Brokers and Forwarders Council of Australia Inc. website: [www.cbfa.com.au](http://www.cbfa.com.au).

**3. See the international division of your bank**

Discuss the financial considerations eg: how will the transaction be financed, what will it cost to finance, what method of payment is to be used and what will the bank charge?

**4. Prepare a cost analysis to arrive at a landed cost**

Make sure you include all costs eg: freight, handling charges, insurance and customs duty (See over page: Calculating your

Landed Cost on Imported Products). Your customs broker can undertake this calculation if you wish.

**5. Is it commercially viable?**

Having arrived at a landed cost and investigated the marketplace to determine what your selling price should be, is there sufficient margin remaining to cover all your business overheads and still leave an acceptable profit?

**6. Identify any special requirements**

Establish if there are any special importing requirements such as import quota restrictions, certificates required to import restricted goods or special inspections on arrival. Your Customs broker can advise you on these matters.

**7. Place an order with the supplier**

Request a written confirmation of receipt and acceptance of order. Ensure the terms and conditions of the contract of sale are clear to both parties i.e. product quality, specifications, quantity, price, price basis, payment terms, date required, freight arrangements and documentation.

**8. Advise your customs broker of the details**

Unless you intend to clear the goods yourself, provide your customs broker with comprehensive details of the transaction and copies of relevant documents to facilitate trouble-free and speedy processing and clearance of the consignment. Your bank will advise you when the shipping documents have arrived – make sure they are in order before you accept them.

## 9. When the goods arrive

When the goods arrive, make arrangements for your customs broker to clear them through customs (and quarantine if applicable). You will need to provide the bill of lading / airway bill, commercial invoice and any other relevant documents.

## 10. Take delivery of the goods

Examine the consignment immediately for insurance purposes. Give a clean receipt for the goods only once you are satisfied as to quality, quantity and condition.

### Other sources of information:

Australian Customs Service  
Customs Information Centre  
Website: [www.customs.gov.au](http://www.customs.gov.au)  
Tel: 1300 363 263

Australian Quarantine Inspection Service (AQIS)  
Website: [www.daff.gov.au/aqis](http://www.daff.gov.au/aqis)  
Tel: (08) 9334 1555 or 1800 020 504

Business Entry Point  
Website: [www.business.gov.au](http://www.business.gov.au)

International Trade Centre  
Chamber of Commerce and Industry WA  
Website: [www.cciwa.com](http://www.cciwa.com)  
Tel: 1300 422 492

Customs Brokers and Forwarders Council  
Website: [www.cbfc.com.au](http://www.cbfc.com.au)  
Tel: (08) 9437 4342

Department of Foreign Affairs and Trade  
Website: [www.dfat.gov.au](http://www.dfat.gov.au)  
Tel: (08) 9231 4499

### Publications

Publications available from the SBDC Business Information Centre at Level 2, 140 William Street Perth, or online at [www.smallbusiness.wa.gov.au](http://www.smallbusiness.wa.gov.au) include the following titles:

*Australia a guide to the market: a guide for foreign suppliers and Australian importers*  
PLU 512 .....\$38.50

*International trade handbook for Western Australia*  
PLU 231 .....\$38.50

### For further information and guidance contact:

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## CALCULATING YOUR LANDED COST ON IMPORTED PRODUCTS

**NB** Not all of the costs listed below are applicable in all situations - In fact, in some cases they are built into the price quoted by your overseas supplier eg:

**FOB** "Free on board" - includes ex-factory price, inland transport and handling charges - in other words it gets the goods on the ship or plane.

**CIF** "Cost, insurance, freight" - includes ex-factory price, insurance and freight to the port of arrival.

**FIS** "Free into store" - includes ex-factory price, insurance and freight to importer's warehouse.

### EX-FACTORY PRICE:

price charged by supplier in country of origin

### PLUS:

**Inland transport** within country of origin to port of departure

**Handling charges** at port of departure eg inspection and loading

**Freight** cost of getting goods to Australia

**Insurance** of goods whilst in transit against damage, loss or theft

**Local handling charges** at port of arrival eg unloading and storage at wharf

**Customs duty** check Customs Dept or your Broker for rates

**GST** 10% of value of taxable importation (goods + duty + freight + insurance)

**Import licence fees** check Customs Dept or your Broker for rates

**Interim storage charges** for storing prior to receipt in your warehouse

**Demurrage** charged on delays in clearing goods

**Quarantine fees** for storage of goods, usually livestock, in quarantine

**Fumigation fees** for treatment of goods by fumigation process

**Transport** to local warehouse

**Testing, and certification** for safety compliance

**Customs brokers fees** for facilitation of importation process

**Exchange fluctuations** depending on transaction currency (insurable but can be costly)

**Repackaging/labelling** to either comply with local regulations or to enhance marketability

**Bank charges** for processing of transaction and transfer of monies

**= LANDED COST**