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Pakistani electric fans to Finland

Case Yunas Metal Works PVT Ltd.

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ABSTRACT

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The aim of this thesis project is to enrich the commissioning company Yunas Metal Works PVT LTD., with information and market situation of Finland for their products, as Pakistani industry is ready to target new markets after receiving GSP+ (Generalized Scheme of Preferences) status by European Union. GSP+ enables Pakistani entrepreneurs to enhance their businesses to huge market of EU with 500 million population as well as give them the opportunity to lift up industry and economy of Pakistan. The thesis project target country is Finland in EU and the entire research and findings are based on Finnish market.

The theoretical framework defines the key factors which play an essential role in trade with EU countries. The theory part also focuses on European business culture and the trade relationship between Pakistan and Finland as well as entire import process with each and every step involved. The theory part is based on literary sources with additional digital sources.

The empirical work is based on qualitative method and is conducted through in-depth interviews with experts who have experience and currently are operating in selling electric products in Oulu. The basic purpose of the empirical work is to discover the potential of Finnish market for Yunas Fans. On the basis of research results, it can be concluded that Finnish market is suitable for electric fans. Furthermore, the governments of both countries can play a vital role to bring both industries closer in order to reduce risk of distrust and to establish mutual understanding and confidence to increase trade between both countries.

Keywords: Pakistani fans industry, GSP+, Import process for Finland, Yunas fans, Finnish market analysis

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1 Introduction

The world has evolved into global village due to progressed technology. Internationalization and globalization are one of the hot topics in global business news. Therefore new market regions and companies are emerging on the global scene. The world of business is more open nowadays because of limited trade barriers. Moreover, the smallest businesses can operate around the world. However, limited international trade hurdles do not mean that it is the first choice for all businesses who want to capture global market. International business still deals with various barriers such as political, economic, social, and technical differences and brings more costs for instance; customs, communication, and shipping. Therefore, starting international business is not piece of cake for every company.

Europe (28) is a market of 500 million consumers that has transparent legal system for international trade. EU share in world population is only 7% but the contribution in world trade is around 20%. It is the most open market for developing nations. Therefore, penetration and to be successful in EU market is a dream for every company around the world especially the companies from developing nations (European commission, EU position in world trade, retrieved 15.02.2014).

The thesis will focus on exploring the Finnish market for Pakistani electric fans and emphasis will be on the domestic fan industry of Pakistan. Pakistan is one of the major fans producing countries. Other countries of the world which produce electric fans are Japan, Korea, Taiwan, Hong Kong, India and China. The fan industry of Pakistan belongs to small and medium enterprises (SMEs). It is one of those industries which have existed since the time of independence of Pakistan. There are approximately 450 units involved in the production of domestic fans. These units are working in two main cities, out of which 315 (70%) units are installed in Gujrat and 135 (30%) units are working in Gujranwala. This sector's contribution is significant to the economy, not only in terms of foreign exchange but it also directly employs more than 30,000 workers where it creates around 90,000 indirect job opportunities as well (DPRC working Paper 2011, retrieved 20.03.2015).

The study is commissioned by Pakistani based company Yunas Metal Works (PVT) Limited. The company is operating in all ranges of electric fans over decades and exporting its products to twelve countries including Saudi Arabia, Kuwait, Dubai, Yaman, Bahrain, Oman, Bangladesh, Sri Lanka and South Africa. The company wants to export electric fans to European market and takes the Finnish market as a test case as Toyota company did in 1960s (Yunas Fan Website, retrieved 24.02. 2015).

EU GSP (Generalized Scheme of Preferences) gives concession or duty free access to the exporters of developing countries for their products. GSP+ or Zero duty offers additional duty free exports to support vulnerable developing countries. Currently, 13 countries are enjoying GSP+ and Pakistan is one of them. Prior to GSP+, Pakistan was enjoying duty reduction then the normal Most Favoured Nations (MFN) status under standard GSP. But now Pakistan has granted GSP+ Status by EU and can export duty- free and quota free products to EU. Qualification of Pakistan for GSP+ will boost its various industries and economy as whole (European Commission EU GSP, October 2014, 2&3, Retrieved 15.02.2014). After having GSP+ status, Pakistani fan industry is eager to penetrate to EU market and the commissioning company is one of the leading company of Pakistan.

The research questions are shaped according to the choice of commissioner. There are two basic questions which will be answered during the research process: What are the mandatory procedures when importing fans from Pakistan to Finland such as customs clearance to enter the Finnish market, legal documentation, and suitable delivery modes? And what are the current market trends and competition of the Finnish market for Pakistani fan industry? The empirical part is conducted through qualitative method to check the Finnish market suitability for commissioning company by interviewing electric appliances store experts.

1.1 Pakistani fan industry

Pakistan is one of the major fans producing countries. Other countries of the world which produce electric fans are Japan, Korea, Taiwan, Hong Kong, India and china. There are two globally recognized categories of electric fans on the basis of electricity consumption. The fans consuming more than 125 watts are called domestic fans (SITC 74341; HS 8414.51) whereas the fans consume more than 125 watts are classified into industrial fans (SITC74343; HS 8414.59) category.

The thesis main focus is on the domestic fan industry of Pakistan which belongs to Small and Medium Enterprises (SMEs). It is one of those industries who existed at the time of independence of Pakistan. There are approximately 450 units involved in the production of domestic fans. These units are working in two main cities, out of which 315 (70%) of the units are installed in Gujrat and 135 (30%) units are working in Gujranwala. This sector contribution is significant to the economy not only in terms of foreign exchange but also employs more than 30,000 direct workers where it creates approximately 90,000 indirect job opportunities as well (DPRC working Paper 2011, retrieved 20.03.2015).

The production of Pakistan fan industry is 10 million domestic fans per annum. The main production consists of ceiling fans which accounts for around 63% of the total production. The pedestal fan production is on 2nd with 32% share and with 5% small share of bracket fans. The industry turnover is 158 million € approximately. The weak side of this industry is that the production is seasonal and industry works fully in 1st six months of the year.

As mentioned earlier, Pakistan fan industry falls into the categories of those nations which produce relatively cheap products. Therefore, the industry main exports deals with low- income market such as Middle East, Africa, and Bangladesh (Kamal and Usman 2011, retrieved 24.02. 2015).

Our commissioner is Yunas Metal Works PVT Limited. It has been operating in all ranges of electric fans over decades. The company is being managed by highly professional management and 500 skilled workers. The company's main production is ranges of electric fans i.e. pedestal fans, ceiling fans, exhaust fans, rechargeable fans, wall bracket fans, louver fans, circumatic fans, heating fans and industrial fans. In addition, the company also manufactures other home appliances such as electric irons, electric stoves, juicers, blenders, meat choppers, insect killers, washing machines, gas and electric geysers, and electric skimmers.

Yunas Metal works is a top leading manufacturing company in Pakistan and have spread its operations to whole Pakistan through its distribution channels. The company also exports its products over twelve countries including Saudi Arabia, Kuwait, Dubai, Yaman, Bahrain, Oman, Bangladesh, Sri Lanka and South Africa. The company has been certified with ISO 9002 in March 2000 and upgraded to ISO 9001:2000 in May 2002. The company was also awarded with

Pakistan Council of Scientific & Industrial Research Quality award (Yunas Fan Website, retrieved 24.02. 2015).

1.2 Finland As target market

In this chapter, a short introduction will be presented about Finland and after that the factors which influenced to choose Finland as a target market will be discussed.

1.2.1 Finland Overview

Finland is located in northern Europe. Its official name is Republic of Finland. It is called “Suomi” in local language. Finland shares land borders with Norway (709 km), Sweden (545km) and (1309 km) with Russia. It has coastline around 1250 km with Gulf of Bothnia and Gulf of Finland. In Finland, the local languages are Finnish 94.2% (official), Swedish (official) 5.5%, and 0.2% other languages. Total population of Finland is 5,268,799 (July 2014) out of which 51 % are female while 49 % are male. Finnish population growth rate is very slow.



Figure 1: Operation world

Helsinki is the capital and largest city of Finland. Other big cities are Turku, Tampere, Oulu, Lahti, Kuopio and Jyväskylä. The authors resides in Oulu and sample population for research will be collected from companies working in Oulu (CIA Fact Book. Geography, retrieved 02.02. 2015).

1.2.2 Finnish Economy

Finland became a full member of European Union in 1995. In 2002, Finland was the only Nordic country who joined Euro zone and using Euro as national currency. Finland is ranked one of the highly industrialized economies of the globe. Per capita output of the country in year 2013, was \$ 39,812 which is almost equal to the income of other developed economies like Austria, France, Germany or Sweden (World bank 2011-2013, Retrieved 02.02. 2015). The Gross Domestic Production (GDP) of the country in year 2014 has been \$221.539 billion which is derived on the basis of Purchasing Power Parity (PPP). The Finnish GDP is decreasing gradually however it does not affect the fan industry. The GDP of the country heavily depends on service sector with rate of 71.9%, while 25.1% on industry and the agriculture share is 2.9%. Finland's main agricultural products are barley, wheat, sugar bean, potatoes, dairy cattle and fish whereas main industries are metal and metal products, electronic, machinery and scientific instruments, shipbuilding, pulp and paper and foodstuff (CIA Fact Book. Economy, retrieved 02.02. 2015).

In December 2014, the employment rate of persons between the ages of 15 to 64 year stood at 67.4%. The unemployment rate in the same year has been 8.5% and inflation rate stood at 1.0% (Statistics Finland, Employment, retrieved 02.02. 2015).

1.2.3 Finnish Market for Fan Industry

Finnish market is small by population but it is growing day by day on the basis of its needs and demands for the fan industry because Finnish summer is getting warmer and warmer year by year and the winter is already cold enough for the use of heating fan. For an electric company, who wants to enter the European market first time, Finnish market can be best test place to explore new opportunities. After becoming familiar to the procedures for imports in Finland, the challenge is to find out new distribution channels to capture market because there are various companies competing in the market especially Chinese.

1.3 Research methodology

The research work is based on desktop and qualitative research methods. The desktop research method is utilized in theoretical part in which internet and printed books was consulted whereas the qualitative method is used during empirical part in which themed interviews were conducted with several Finnish entrepreneurs related to fan industry.

1.4 Research questions

The purpose of thesis research is to answer the questions which raised by commissioning company. There are two basic questions for which research work has been conducted:

1. What are the mandatory procedures when importing fans from Pakistan to Finland such as customs clearance to enter Finnish market, legal documentation and suitable delivery modes?
2. What are the current market trends and competition of the Finnish market for fan industry?

1.5 Objectives & Limitations

The commissioner company belongs to Small and Medium sized Enterprises (SME's) and has been operating in Middle East and South Africans markets since decades. The company long run vision is to penetrate in European markets and Finnish market has been taken as test case to enter Europe by commissioning company because of small target group. The thesis results will carry out vital information about the entry strategy for Finnish market. Furthermore, thesis will also focus on current market trends of fan industry in Finland.

While working on empirical part of thesis, there have been some obstacles in the way of collecting core data about the current market situation due to language barrier. Moreover, entrepreneurs were not so comfortable to share valuable experiences due to competitive reasons and we couldn't get more interviews which we expected.

2 Theoretical framework

2.1 Concept of International Trade

Many theories regarding international trade were presented during certain historical periods and events which provided the foundation of international trade. These theories of different economists can be divided into following major theories.

According to Encyclopaedia Britannica, "Economic transaction of goods and services that are made across borders between different nations are known as international trade" (Encyclopaedia Britannica 2008, retrieved 24.02.2015).

2.1.1 Mercantilism

This theory states that wealth of the world in form of gold and silver is fixed. The country which exports more than imports will become richer because it will earn more gold and silver by having trade surplus. On the contrary, the country which has trade deficit will become poor by paying more silver and gold. Although it is an old theory, but it is alive somehow in the mind of developed governments because it gave the idea of modern- day protectionism which means the government should encourage exporters and protect its domestic industry from imports so that they could flourish without facing fierce competition (Mike W. Peng, 117).

2.1.2 Free Trade

Against the mercantilism free trade theories were presented by Adam Smith and David Ricardo. The free trade idea states that if the goods and services flow without restriction will provide wide range of products at lower prices to the consumers and cheap labour to the industries. It will lay down the foundation of prosperous nations in the world (Mike W. Peng, 117).

Adam Smith in 1776, presented the theory of absolute advantage. Under free trade, he states that every nation should specialize in the economic activities in which they have absolute advantage. It means that the countries should involve themselves in the production of those products which requires less resources in comparison with other nations. The theory of absolute advantage runs into dead end if one country is relatively more efficient in the production of both

products as compared to the other country. Moreover, is the trade between these two countries still possible?

In 1817, David Ricardo answered the above question “yes”, trade between these two countries is still possible and beneficial for both countries. He presented the theory of comparative advantage. The theory suppose two countries China and USA which produce two products microwave and electric fans. USA is relatively superior to China in the producing both products. Ricardo stresses that even though USA is superior in the production of both products but it should still specialize in the product, it has relatively more comparative advantage. China is inferior in the production of both products but it should still specialize in the product, it has a relatively less comparative disadvantage. The trade on these grounds will still be beneficial for both countries (Mike W. Peng, page 119).

2.1.3 Factor Endowment Theory

This theory was developed by Huckster and Ohlin. The theory focuses on only two factors of production i.e. labour and capital while keeping other factors constant. Moreover, it assumed that the availability and efficiency of the factors of production differs between nations of the globe. According to this theory each country should concentrate on the production and export of goods which uses factors that are abundant in the particular country and should import goods requires scarce factors of production. For example countries like Pakistan should focus on labour intensive technologies and Japan should focus on capital intensive technologies (Sonia El Khal, 70).

2.1.4 Product Life Cycle Theory

All the classical theories were stagnant because what will happen to the export of Qatar if its oil resources turns to end and the fertility of land or climate to the particular country changes? The classical theories were quiet about this question. In 1996, Raymond Vernon presented the theory of product life cycle which was not static theory. According to Raymond each product passes through stages of New, maturity and Standardization.

He explained that the country who invents the product, charges premium price in introductory stage because of monopoly. In the maturity stage, other developed nations develop alternatives of the product and the inventor country losses its monopoly. The inventor country stops its

production in the standardization stage because it becomes beneficial for that country to import product. Since world has become a global village, the product life stages changes very fast (Mike W. Peng. 117). The theory of product life cycle is one of the dynamic theories of international trade.

2.2 Generalized Scheme of Preferences (GSP)

The principle of Generalized Scheme of Preferences (GSP) was introduced at United Nation Conference on Trade and Development (UNCTAD) in 1971. This scheme gives special concessions to the exporters of beneficiary countries “least developed countries” by some donor’s countries “developed nations”. These concessions have been decided unilaterally and are not reciprocal for the beneficiary countries to give same benefits to donor countries.

EU GSP gives reduced or duty free excess to exporters of developing countries for products originating in the developing countries. The rules of originate confirms that the goods are produced and manufactured in the countries who have GSP status. It also ensures that benefits are only going to those nations whom the GSP intend to benefit.

According to EU GSP (April 1, 2014), there are 144 countries and territories designated as beneficiaries (137 countries, 7 territories). A differentiated approach is adopted in the GSP:

1. The standard GSP provides duty reduction to developing countries and territories. Currently, there are 34 beneficiaries (countries and territories) which are enjoying these reductions.
2. GSP+ or Zero duties offer additional duty free export to support vulnerable developing countries. Currently 13 countries are enjoying GSP+ status and Pakistan is one of them.
3. Everything But Arms arrangement (EBA) is special arrangement for least 49 developed beneficiaries which provides them duty free and quota free access to EU market for their all product but not arms (European Commission, EU GSP, October 2014, 2 & 3, retrieved 15.02.2014).

2.2.1 Pakistan and GSP+

Prior to GSP+ status, Pakistan was enjoying duty reduction then the normal Most Favoured Nations (MFN) status under the standard GSP. But now Pakistan has GSP+ status by EU and can export duty- free and quota free products to EU. Qualification of Pakistan for GSP+ status will boost its various industries. Pakistan whole economy will grow and can have following benefits after having GSP+ status:

1. EU is a market of 500 million people and it is open for Pakistani Fan Industry without paying any duty.
2. Even without GSP+ status, EU is already second largest trading partner of Pakistan after USA. It will boost more the trade relation of EU and Pakistan.
3. The Pakistani fan industry will have edge over its competitor from China, Vietnam etc.
4. Unemployment rate in Pakistan is very high but this status will help many industries to grow and to create massive job opportunities.
5. Other complementary industries to fan industry like copper and silver will also grow and boost (European Commission guide for GSP, retrieved 15.02.2014).

2.3 European Business Environment

EU as a unit is the biggest economy of the globe. The 28 countries under EU have one strong voice in the global economy by acting together rather than acting as 28 single units. European economy is deeply integrated into global economy and modern transport and communication means has made it easier for European businesses to trade with the rest of world.

There are following reason that EU market is so attractive:

1. In 2012, EU GDP has been €12 945 402 million approximately which was bigger than United States.
2. EU is the biggest importer and exporter of goods and services in the world.
3. EU share in the world population is 7% but the share in world's import and export is 20%.
4. EU is a big market of around 500 million consumers which likes to have quality products.
5. EU is the world biggest market that has transparent legal system for international trade.
6. It is the most open market for developing nations.
7. EU offers most secure legal investment to its investors in the world (European commission, EU position in world trade, retrieved 15.02.2014).

The following chart explains more about EU economy shares as compared with the rest of world.

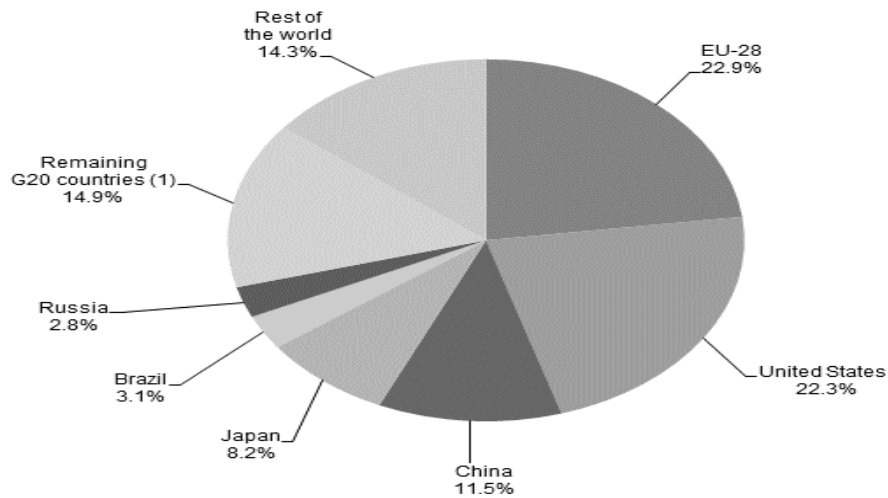


Figure 2: Source. Eurostat, International trade

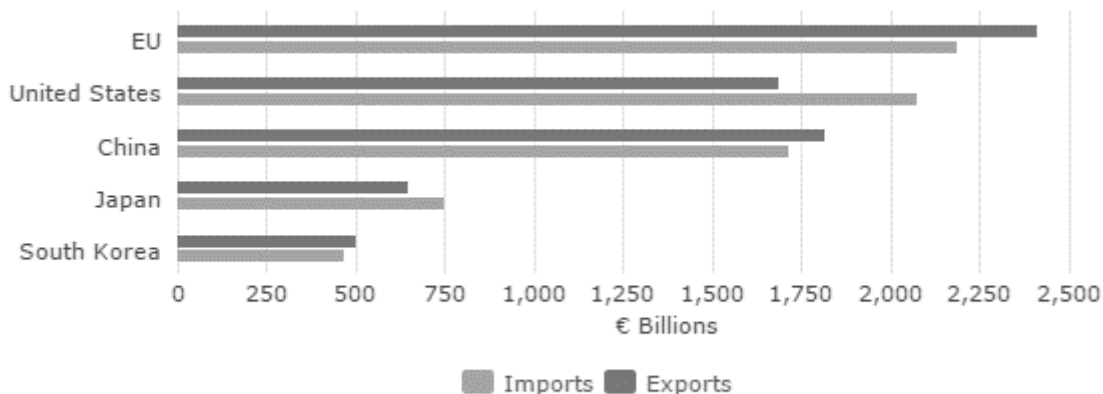
2.3.1 EU Position in the World Trade

Europe (28) is the biggest player in international trade. It is leading exporter in manufactured goods and services and a market of 500 million consumers. It imports goods and services from 80 countries of the world and its daily exports and imports worth many hundred millions euros (EC, EU position in world trade, retrieved 15.02.2014).

The EU-28 trade is divided in two categories. The trade of goods and services with rest of world (Extra EU-trade) and the trade inside EU (Intra-EU trade), but here the thesis focus is to discuss the EU extra trade. In 2013, the share of European Union in total world trade was calculated around €4617 billion which is equal to 16% or one sixth of the whole world. The EU extra exports of goods and services with rest of the world accounts for €2421.4 billion whereas the import in same period was calculated to €2193.6 billion. The EU balance of payment in year 2013 was surplus about €227.8 billion (European commission, EU trade in the world, retrieved 15.02.2014).

The following chart shows EU-28 share in the world trade against other bigger players in international trade scene.

Trade in goods and commercial services 2013



Source: Eurostats, WTO

Figure 3: Trade in Goods and services

According to above chart, EU exports in 2013 accounts for more than € 2,400 billion whereas its imports worth has been around € 2,200 billion. The chart also explain that the situation of balance of payment is in favour of EU because it exports are more than its imports. USA is the second largest player in international trade after EU-28 where as China, Japan and South Korea are 3rd, 4th and 5th respectively (European. commission, EU position in world trade, retrieved 09.03.2015).

2.3.2 EU Trade Agreements with Third Countries

According to European Commission, almost 90% of world demand is going to be generated outside Europe in coming 15 years. Now it is very important for EU to open up market opportunities for European businesses through negotiating agreements with their existing trading partners and potential partners so that these businesses could use their potential growth at their optimum level.

In future, trade barriers are becoming comparatively low in international trade and it is priority of EU to finalize Deep and Comprehensive Free Trade Agreements (DCFTA). These agreements are related to remove tariffs, opening markets on services, investment, public procurement, and different regulatory issues. If EU becomes successful to finalize its free trade agreements

tomorrow, it will boost EU economy by adding 2.2% to its GDP (€ 275 Billion). These agreements will create 2.2 million additional jobs to EU total labour force (European Commission, Trade agreements, retrieved 15.02.2014).

There are almost 50 trade partners of EU and trade agreements have already been placed with them. After acquiring GSP+ status by EU, Pakistan has succeeded in establishing trade relations with EU and ultimately Pakistan can export its products with zero duty and quota free to Finland.

2.4 Trade Relation between Finland and Pakistan

2.4.1 Pakistan

The official name of Pakistan is Islamic Republic of Pakistan. It is a country in south Asia which covers almost 796, 095 km² area of the globe and is the 36th largest country in terms of area. It share borders with India, Iran, Afghanistan and China. Islamabad is the capital city of Pakistan. The population of Pakistan is 197 million approximately. Pakistan is the 6th largest country of the world and 2nd largest Muslim country by population. The population growth rate is almost 1.5% (CIA Fact Book, Geography, people and society, retrieved 24.02. 2015).

Pakistan is gifted with huge mineral resources for instance, it is 1st largest country in rock salt, 5th largest in coal, copper, gold and gem stones, 9th largest in shale gas reserves and 16th largest in oil production. Pakistan has a very strong dairy and livestock sector. It is also 2nd biggest country in meat production and livestock and 4th largest in milk production. Pakistan is 3th biggest exporter of rice, 3th largest in onion production, 4th in dates and apricot, 10th in mangoes and citrus. Pakistan has very strong textile sector and it is the largest exporter of cotton yarn.

Pakistan has very attractive tourist spots in various parts of the country but unfortunately country is suffering from terrorism. It is a country with five seasons, deserts, mountains, sea and rivers. Pakistan has 5 out of 14 world tallest peaks. The K-2 is the tallest peak of country and it is 2nd tallest peak of the world (Muhammad Saleem Ranjha 2014, retrieved 23.02. 2015).

Pakistan is confronting with biggest problems such as terrorism, energy shortage, corruption and illiteracy. It has very bright future when it overcome mentioned problems and can be one of the leading nations of the world (Nadeem Riaz 2012, retrieved 23.02. 2015). So Pakistan is very important country of the world and can be huge potential market for Finnish companies in future.

2.4.2 Pakistan and Finland

Diplomatic relations between Pakistan and Finland were established in 1951. Finland opened its embassy in Islamabad in 1989 and closed in July 2012 due to budgetary cuts. In September 2012, the roving ambassador to Pakistan was opened in Helsinki and Mr. Radula Suikkanen is the roving ambassador for Pakistan who visit Pakistan once a month. After closing the embassy of Finland in Islamabad, Norwegian embassy helps with consular issues and embassy of the Netherlands helps with visas regarding Finland. Finland has two consular offices in Lahore and Karachi. The residence permit of Finland for Pakistani citizens can be applied in the nearest Finnish embassies like Nepal, Abu Dhabi and India. Pakistan doesn't have its embassy in Finland either but the embassy of Pakistan in Sweden helps about visas and other consular issues.

To boost the relations between the next generation of Finnish and Pakistani businesses, Finland Pakistan Business Council (FPBC) was established in 1985 at Helsinki. FPBC is an independent, non-profit, and non-governmental organization registered in both Finland and Pakistan to develop, facilitate and monitor the trade and business relationship between Finland and Pakistan. FPBC is for business people to business people, it encourage and support business people to make new friends and new businesses. FPBC have already organized two events, first with a dozen of companies from Finland and over 100 participants from Pakistan in Islamabad. The second event doubled the whole show and hosted twenty Finnish companies with 200 participants from Pakistan at Marriott hotel, Islamabad. The third Finland Pakistan Business Summit will held in Lahore, Pakistan on 9th February, 2016 (FPBC, retrieved 24.02. 2015).

In 2012, Pakistan imported goods worth around €188 million from Finland whereas exports to Finland were calculated about €52 million euros which is far less than potential trade relations. Pakistan main export items to Finland are apparel and clothing, textiles, items related to bed, table and kitchen, cutlery, electro medical apparatus. Whereas, Pakistan usually import items such as electric and telecommunication equipment, parts of motor engines, chemical and wood

pulp, paper and paperboard electric motors and generators etc. (Pakistanintheworld, retrieved 12.03.2015).

Moreover, Pakistan can take advantage of Finland's many modern technologies and experience of agrarian to highly industrialized economy. A huge potential exists for joint ventures between both countries and Pakistan can have help from Finland in many fields i.e. mining sector, foodstuffs, chemical, textile and clothing said by Haroon Asgar president of Karachi Chamber of Commerce & Industry (KCCI) on the visit of Finnish ambassador to KCCI. In 2013, almost \$3.8 million were invested in Pakistan by Finnish companies (Pakistanintheworld 31 May 2013, retrieved 12.03.2015).

2.5 Import Process and Documentation

In this chapter, only Import documents will be mentioned here because the thesis main focus is on import side. To make up readers mind who could be the prospective importer, these documents can vary according to specification of product and import requirements of destination country. Generally import documents include:

- a. Commercial invoice
- b. Bill of lading
- c. Import declaration

Supplemental basic import documents are:

- a. Packing list
- b. Certificate of origin
- c. Insurance documents

Sometimes import authorities required some additional import documents in order to avoid a lot of import issues. These documents could be:

- a. Special certificate of origin
- b. Customs bond
- c. Packing declaration
- d. Certified consular invoice
- e. Insurance certificate
- f. Inspection certificate
- g. Quality certificate
- h. Phytosanitary certificate
- i. Fumigation certificate
- j. Veterinary certificate
- k. Public health certificate

- l. ATA carnet
- m. Free sale certificate

(Hinkelman 2008: 69 & 72)

2.6 Finland's Import Documents Requirement

Finland is a Scandinavian country in northern Europe and member of European Union since 1995. Therefore, the import process for Finland is highly influenced by EU import requirements. But nature of product needs to be taken in account which is being imported whereas Finland is not rule of exception here.

Trade between EU member states is quite an easy process and goods imported within EU are considered as community goods. Therefore these goods do not go to customs clearance process in Finland after submitting an intrastate statistics notice to Helsinki customs office. However, goods imported from outside EU must go through the customs clearance process in order to take goods in possession by the importer. That's why electric fans will go through custom clearance first according to EU laws and then will be moved to Finland (Hinkelman 2008, 134).

Following documents are required for customs clearance of electric equipment's in Finland:

2.6.1 Basic Documents

a. Commercial Invoice

Commercial invoice is an accounting document containing the information about consignment. It specifies the parties involved in transaction (seller and buyer) and all other detail of shipment such as invoice number, terms of delivery, mode of transport, date of consignment. It contains complete details of goods which have been sold including prices, discounts and quantities. This document is issued and signed by exporter and state of the country of origin. One original and five copies of this document are required (Hinkelman 2008, 57 & 134).

b. Bill of Lading

Bill of lading is a very important document especially for importer in order to possess shipment on the named port. This document is issued by carrier and signed by captain of the vessel to exporter. Then lawful holder of this document can claim the ownership of goods after arrival to the destination. This document describes the conditions on which transportation has been made to prescribed port of destination. One original and one clear copy of this document is required for customs clearance (Hinkelman: 2008, 58 & 134).

c. Packing List

Packing list is kind of commercial invoice with deleted important details such as prices of goods. It contains information about consignor and consignee, total number of packages and contents, weight of each package and different marks and numbers on the packages. This document is issued by exporter for importer to facilitate in marking the goods after consignment has arrived that all goods have been received. One original and one clear copy of this document is required (Hinkelman: 2008, 58 & 134).

d. Import/SAD Declaration

It is the importer's responsibility to issue SAD declaration to import authority of his country in order to receive imports. This document includes the information of the entire consignment. It defines the exporter and importer, goods which are being imported, issuance date, description of goods and quantity, exporter and importer's country, and all other consignment details. The purpose of this document is to facilitate import authorities to control imports and to assess tariffs and duties of this import. However, this document can be submitted directly to Finnish customs. One original and two copies of this document are required by custom authorities (Hinkelman: 2008, 70 & 134).

2.6.2 Special Documents

These documents are presented on the request of custom authorities.

a. Certificate of Origin

The certificate of origin is a proof which explains the origin of goods and issued by local chamber of commerce of exporter's country. In international trade, this document is usually required by import authorities of import's country, sometimes it may be required by export authorities. In this document exporter makes note at bottom of invoice "Made in Pakistan". One original and five clear copies of this document are required (Hinkelman: 2008, 58 & 134).

b. Export Declaration

It is exporter's responsibility to issue this document to export authority of his country in order to export goods. This document includes the information of whole consignment. It defines the exporter and importer, goods which are being imported, issuance date, description of goods and quantity, exporter and importer's country, and all other consignment details. The purpose of this document is to facilitate export authorities of exporting country to control exports and to assess tariffs and duties of this export (Hinkelman: 2008, 58).

c. Insurance Certificate

Insurance company issues this certificate depending on the agreed terms of delivery. This document provides the proof that whole shipment has been insured. Generally carrier provides this kind of insurances and these are mentioned on bill of lading also. One original and one copy of insurance certificate is required (Hinkelman: 2008, 58 & 134).

d. Proforma Invoice

A document issued on request of importer to exporter prior to shipment. The exporter issues this document which specifies the details of transaction including parties, goods and quantities of goods and cost of whole consignment process. The purpose of this invoice is to make up importer's mind about finance and further action which needs to be taken such as

import licenses, foreign exchange approvals, and application for letter of credit if necessary. One original and five copies of this document are required (Hinkelman: 2008, 33 & 134).

e. CE Certificate

The CE marking is essential for electrical equipment by EU legislation. This marking should be affixed by the manufacturer or his authorized representative on very clear place of product where it is easy to access and readable for European commission. The manufacturer is entitled to draw and sign the EU Declaration of Conformity and if manufacturer has already participated in conformity assessment then the identification number should be included in information (Guide for Manufacturing, Importing and Sales of Electrical Equipment:11, retrieved 13.01.2015).

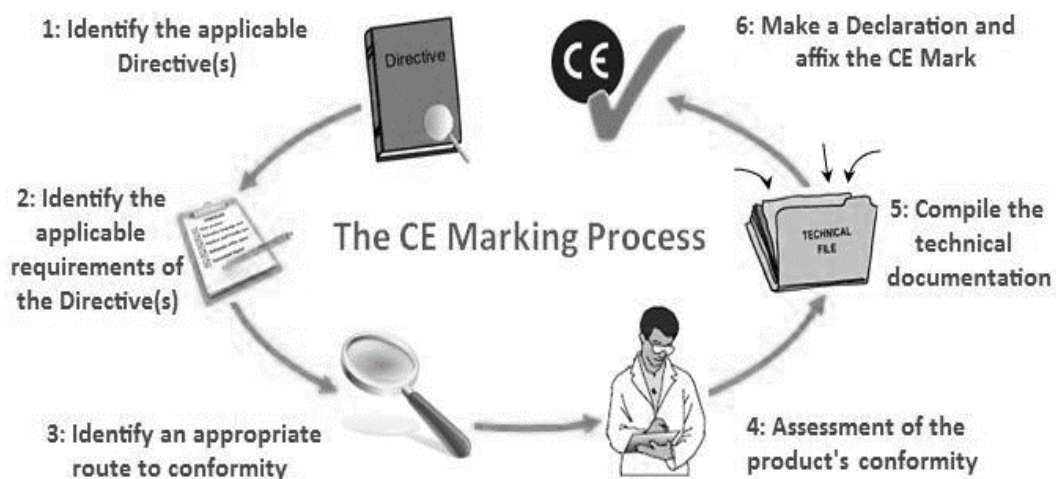


Figure 4: The CE marking process

f. LVD - Electrical Safety

The Low Voltage Directive has been included in Finnish legislation by the decision of Ministry of Trade and Industry on the Safety of Electrical Equipment. The main purpose of this directive is to guarantee that the electrical equipment on any EU market doesn't endanger human safety or property where it is used correctly or domestic animals. This directive covers all electrical equipment with voltage range of 50 to 1000 volts with alternate current and 75 to 1500 volts with direct current (Guide for Manufacturing, Importing and Sales of Electrical Equipment: page 15, retrieved 13.01.2015).

2.6.3 Contractual Agreement between Parties

International trade always involves great risk of loss or any other unexpected event to happen. Both parties must be aware of these risks to avoid which may arise because of ignorance. The seller and buyer must consider legal requirements of both countries. In commercial transaction, both parties have full freedom to agree on terms including which country's judicial system would be utilized for justice if some problem occurs in future about transaction. Therefore in order to minimize this kind of risks, it is good to make contractual agreement between both parties involved in commercial transaction and each party is entitled to fulfil all responsibilities within restricted time to avoid loss of profit by either of parties involved. "However, both parties should always be certain to come to a definite understanding on four basic issues: goods (quantity, type and quality), the time of delivery, the price and means of payment" (Shippey 2008, 28).

While making sales of contract, all terms of contract must be stated very clearly so each party can understand and know easily about its responsibilities in business transaction and movement of goods from origin to destination. The key terms used in international contract of sales for electrical equipment's are (Sony Europe Terms and Conditions for Sales of Contract, retrieved 03.02.2015):

- A. Parties and definitions
- B. Application of terms and conditions
- C. Placing your order
- D. Product information and availability changes
- E. Price
- F. Manner of payment
- G. Terms of Payment
- H. Account information
- I. Delivery
- J. Delivery time
- K. Risk and ownership
- L. Right to return and return policy
- M. Exceptions of right to return
- N. Defective products and product guarantees
- O. Liability limitation
- P. Export control
- Q. Governing law, Jurisdiction
- R. Waste Electrical and Electronic Equipment

2.6.4 Import Duty and Tariff

A tariff is kind of tax imposed by governments on value of imported products including insurance and freight. The amount of tariff varies country to country and product to product. Tariff is collected along with other taxes at the time of custom clearance at foreign port. In international trade, duty and tariffs affect the cost of product very much, so knowing that fact it is always wise to check tariffs first then make an estimate of total cost to foreign buyer about product. As thesis focus is on importing Pakistani fans to EU so under having GSP+ status, there will be no duty and tariff charges. "Countries which do not have GSP status, their duties and taxes must be paid within ten days of clearance to custom authorities" (Cook, Thomas A., Alston, Rennie, Raia, Kelly, 2012, 253).

Detail of EU tariffs for Pakistani fans is given as under showing 0% of duty and tariffs.

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Other Resources



EU Tariffs

Search results

Exporting Air or vacuum pumps, air or other gas compressors and fans; ventilating or recycling hoods incorporating a fan, whether or not fitted with filters - Fans from Pakistan

| Code | Product description |
|---------|--|
| 84 | NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF |
| 8414 | Air or vacuum pumps, air or other gas compressors and fans; ventilating or recycling hoods incorporating a fan, whether or not fitted with filters |
| | -Fans |
| 8414 51 | --Table, floor, wall, window, ceiling or roof fans, with a self-contained electric motor of an output not exceeding 125 W |

| Origin | Measure type | Tariff | Conditions | Footnote | EU Law |
|---|-------------------------------------|--------|------------|----------|----------|
| ERGA OMNES | Supplementary unit | /p/st | | | R1719/05 |
| ERGA OMNES | Non preferential duty under end use | 0 % | Conditions | EU001 | R1549/06 |
| ERGA OMNES | Third country duty | 3.2 % | | | R1719/05 |
| ERGA OMNES | Supplementary unit | /p/st | | | R1719/05 |
| GSP + (incentive arrangement for sustainable development and good governance) | Tariff preference | 0 % | | | R0978/12 |
| GSP + (incentive arrangement for sustainable development and good governance) | Tariff preference | 0 % | | | R0978/12 |

Footnotes

| ID | Text |
|-------|--|
| EU001 | The relief from or reduction of customs duties shall be subject to the conditions laid down in the relevant provisions of the European Union with a view to customs control of the use of such goods (see Articles 291 to 300 of Commission Regulation (EEC) No 2454/93 (OJ L 253, 11. 10. 1993, p. 1)). |

Source [DG Taxation and Customs Union](#) [Taric](#) (latest update on 03/02/2015)

Search again

Exporting country:

Product code (10 digits):
 [Find code](#)

Figure 5: Duty and tariffs for Pakistani products to EU market (European Commission: EU Tariffs for Pakistani Fans, retrieved 03.02.2015).

2.7 Transportation and Terms of Delivery

Transportation system plays vital role in international trade to move goods or any other tradable product from one place to another on the globe. The specialist of geography considers wide range of transportation modes which may be grouped in three main categories: air, land (road, rail and pipeline) and water (shipping). The features and requirements of each mode vary according to specific demands of freight and traffic. In the recent past, the trend has seen towards integration of modes through intermodality and linking these modes more closely to production and distribution activities. The diagram given below will help more to see the capacity of carrying freight according to mode of transport.










| Vehicle | Capacity | Truck Equivalency |
|---|--|--|
|  Barge | 1500 Tons / 50-100 TEU 52,500 Bushels 453,600 Gallons | 57.7 (865 for 15 barges in tow) 18 to 40 (intermodal) |
|  Hopper car | 100 Tons / 4 to 5.3 TEU 3,500 Bushels 30,240 Gallons | 2.0 (intermodal) to 3.8 |
|  Doublestack rail car | | |
|  100 car train unit | 10,000 Tons / 400 to 530 TEU 350,000 Bushels 3,024,000 Gallons | 385 |
|  100 car intermodal train | | |
|  Semi-trailer truck | 26 Tons / 2.65 TEU 910 Bushels 7,865 Gallons 9,000 for a tanker truck | 1 |
|  Panamax containership | 5,000 TEU | 2,116 |
|  VLCC | 300,000 tons 2 million barrels of oil | 9,330 |
|  747-400F | 100-125 tons (Depending on freight density and range) | 5 |

Figure 6: Main freight model options

(The Geography of Transport systems: Chapter 3- Transport Modes: retrieved 09.02.2015).

2.7.1 Performance Comparisons for Selected Freight Modes

As per operational characteristics, each transportation mode has different capacity and efficiency level of carrying load. According to figure, truck is the mode with least capacity and has level of flexibility (speed and door to door services), whereas Boeing 747 freight can carry 100 metric tons or more depending on the freight density and range.

2.7.2 Freight Transport in Europe

Transport sector plays essential role in generating economic activity between countries. In most industrialized economies, 12% of total expenses are from transport sector and this sector also generates considerable contribution to total employment. The figure given below is showing the importance of transport sector with direct effects in EU whereas by adding indirect effects, transport sector becomes more conspicuous in economic activities. (Ben Akiva, Moshe, Meersman, Hilde, van de Voorde, Eddy: 2013, 18).

Importance of transport sector (direct effects) in the EU 27

| | Absolute figures | | Shares of total economy | |
|---|------------------------------|--|---------------------------|----------------------------|
| | Employment 2009 × 1000 | Value added 2010 mil euro ^o | Employment 2009 (%) | Value added 2010 (%) |
| Land transport; transport via pipelines | 6314 | 232045 | 2.8 | 2.2 |
| Water transport | 223 | 44259 | 0.1 | 0.4 |
| Air transport | 371 | 26528 | 0.2 | 0.3 |
| <i>Sub-total 1</i> | <i>6908</i> | <i>302832</i> | <i>3.1</i> | <i>2.9</i> |
| Supporting and auxiliary transport activities; activities of travel agencies | 3190 | 155762 | 1.4 | 1.5 |
| <i>Sub-total 2</i> | <i>10098</i> | <i>458594</i> | <i>4.5</i> | <i>4.4</i> |
| Total economy | 223628 | 10384518 | | |

Figure 7: Freight Transport Modelling: 2013, 18.

2.7.3 Selection of Transportation Modes

While assessing transportation needs in international trade, there are number of factors which influence the decision of choosing right mode of transportation for product. These factors can be the business and its requirements, destination country, and the nature of goods which are importing or exporting. Selection of right transportation mode is essential to ensure an efficient and cost effective trade. During making choice it is important to decide whether to handle logistics by you or there is need to outsource work to freight forwarder depending on the circumstances. To make selection process easy, there are few questions which should be taken in to account and answer of these questions will help to select right choice of transportation mode for product.

Questions

1. Knowing your product what to distribute (Size, weight etc.)?
2. How much time is available for delivery of product to destination?
3. How does cost of transport affect you?
4. Any special requirements of buyer or customer related to delivery?
5. How much is value of goods? Demand quotes from insurance company before deciding insurance package.
6. Final destination, where product is going?

Always consider all available methods of transport and it's quite often in international trade to use more than one transport mode to ensure the service quality, cost effectiveness and time of delivery (InTeLS: International transport and distribution, retrieved 09.02.2015).

Yunas Fans (Thesis case company) is using sea transportation mode for its international trade. And to lift up its exports to EU, sea transportation mode is the best choice for transportation of fans considering all factors which have been discussed above to select the right transportation mode. Currently company export its product over twelve countries including Saudi Arabia, Kuwait, Dubai, Yamen, Bahrain, Oman, Bangladesh, Sri Lanka and South Africa. Company doesn't handle its logistics and outsource local suppliers for this job who are handling its exports to other countries.

2.7.4 Forwarder

While doing international trade, there are numerous barriers which almost every company face and have to overcome these obstacles in order to export its products across borders. In most cases, businesses outsource a specialist who can and who has experience to fix these problems called freight forwarder. Forwarder is basically a third party who provides services in logistic area of supply chain management. Forwarder is an agent not a company, therefore he doesn't own any transportation equipment's like trucks, airlines etc. But he plays key role as intermediary in signing contracts between shipper and the carrier companies. As mentioned above forwarder provide services and for those services forwarder charge commission out of the fee which is being paid to carrier by shipper. Forwarder pay less to carrier than what he charges to shipper and the difference of this amount is forwarder's profit. (Wise geek: freight-forwarding, retrieved 12.02.2015)

In modern era, forwarders are multi-function agencies more than third party. Forwarder main duty is movement of cargo from "Dock-to-Door" providing several significant services such as:

1. Handling cargo movement in destination country
2. Advising shipping solutions with selection of best carrier
3. Loading/unloading of consignment on both places from shipper place to destination
4. Helping customers in custom clearance of consignment
5. Reservation of space on selected transportation mode for consignment

(International logistics: Freight forwarder, retrieved 12.02.2015).

Forwarder concern more things in job over selecting carrier, like customs issues, legal documentation, warehousing and all other small factors which occur during transportation of consignment to destination. Forwarding is one part of logistics and moving consignment from seller to buyer is small part of supply chain management. Purchasing, warehousing, transportation, distribution are main elements of whole supply chain management. Sending product form seller to buyer, there are number of steps such as packing, loading in container, loading of container to selected transportation mode, unloading at destination port to sending container to buyer are performed by different parties and forwarder doesn't do anything but he plans whole transportation process all the way to destination. The diagram given below is illustrating the whole process of supply chain and role of forwarder in supply chain management.

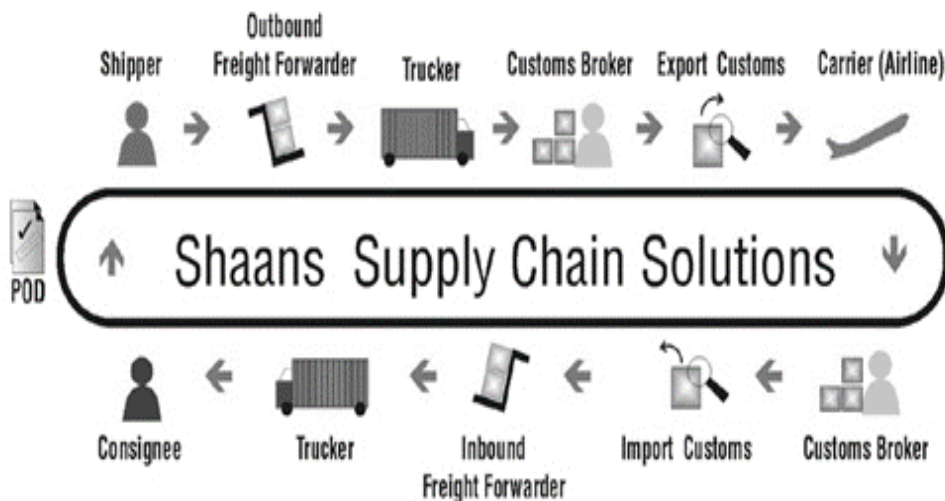


Figure 8: Transportation process by Forwarder (Shaans cargo)

As it is mentioned above, Yunas fans are exporting its product mostly to Middle East. The company outsourced local forwarder for transportation of its consignments. The name of that forwarder is “United custom house agency”. This forwarder is company’s trusted forwarder as forwarder is part of company for last twenty years. To boost up company’s exports to EU this forwarder is best choice for company as company is dealing for long time and have strong relationship and understanding of transporting its consignments to different destinations with this forwarder.

2.7.5 Terms of Delivery

The term of delivery is an essential part of contractual agreement for international trade. It defines the custom of trade which are projected for international sale of goods. In addition, it involves the mutual understanding of seller and buyer on different factors such as delivery and taking of goods, division and transfer of risk, cost division and other agreed compulsions, whereas it doesn’t define the relation of involved parties (seller, buyer, any third party) and possession of goods (Title). The main parties of contract of trade are seller and buyer and all other parties (forwarders, carriers etc.) involve in transaction are not part of trade contract, they are acting on behalf of either seller or buyer (Logistiikan Maailma: Terms of delivery, retrieved 16.02.2015).

“Incoterms is set of uniform rules codifying the interpretation of trade terms defining the rights and obligations of buyers and sellers in international transactions. Developed and issued by the International Chamber of Commerce (ICC) in Paris” (Hinkelman 2008, 24).

There are eleven main rules from incoterms 2010 edition given below. The first seven rules are for all kind of transportation modes whereas last four are only for sea or inland waterways transport only (International Chamber of Commerce: Incoterm rules, retrieved 16.02.2015).

1. Ex Works (EXW) Incoterms 2010

Ex works term involves greater responsibility of buyer than seller. Seller only manufacture goods for buyer at his own named place. Seller doesn't do anything regarding clearance and loading of goods to transport vehicle. If buyer can handle all export formalities then this term can be used otherwise free carrier (FAC) is recommended to use in contract. Payment terms for Ex Works are cash in advance and open account (Hinkelman 2008, 25).

2. Free Carrier (FCA) Incoterms 2010

Free carrier involves more duties of seller than buyer. Seller manufacture goods and deliver them to the place named by buyer. If the named place is seller's place then seller is responsible for the loading of goods to transport vehicle but if the named place is dock yard of carrier then seller is no longer responsible for loading. Payment terms for FCA are cash in advance and open account (Hinkelman 2008, 25).

3. Carriage Paid To (CPT) Incoterms 2010

Carriage paid to involves greater responsibility of seller. Seller manufacture goods for buyer then clear goods for export and deliver to carrier named by buyer and paid all carrier costs. However, once goods are delivered to carrier named by buyer then seller is no longer responsible for anything and all additional costs if occur will be on buyer's shoulders (Hinkelman 2008, 27).

4. Carriage and Insurance Paid to (CIP) Incoterms 2010

Carriage and insurance paid to means after manufacturing, seller deliver goods to carrier nominated by buyer and make contract and pay all costs of carriage. In this term seller is also responsible for unloading and custom charges at destination place. Seller is also bound to make low cover insurance to avoid loss or damage of goods. And if buyer wants full protection of goods then he needs to make extra insurance or agree it with seller in contract (Hinkelman 2008, 27).

5. Delivered at Terminal (DAT) Incoterms 2010

DAT terms means after manufacturing, seller also deliver and unload goods from arriving transport to the place or terminal named by buyer. That terminal could be a warehouse, yard or air cargo terminal. All costs until arriving and unloading of goods to the named place by buyer are on seller's shoulders (International Chamber of Commerce: Incoterm rules, retrieved 16.02.2015).

6. Delivered at Place (DAP) Incoterms 2010

Delivered at place term involves the arrival of goods to the named place by buyer and ready for unloading but not will be unloaded by seller. All possible risks involved in arrival of goods to the destination will be paid by seller and after that seller is no longer responsible for any kind of loss if occurs (International Chamber of Commerce: Incoterm rules, retrieved 16.02.2015).

7. Delivered Duty Paid (DDP) Incoterms 2010

DDP term includes greater responsibility of seller. Seller is responsible for not only delivery of goods to the disposal place of buyer but also for customs clearance of goods for both sides whether exporting or importing and all duties and taxes which will occur during this process will be paid by seller. Seller will also carry out other custom formalities (International Chamber of Commerce: Incoterm rules, retrieved 16.02.2015).

Rules for Sea and Inland Waterway Transport

There are four incoterms for sea and inland waterway transport.

1. Free Alongside Ship (FAS) Incoterms 2010

Free alongside Ship is used for sea transportation. This term means when goods are delivered to the nominated place and port by buyer then seller is no longer responsible for any loss and all loss and its cost if occurs will be paid by buyer (International Chamber of Commerce: Incoterm rules, retrieved 16.02.2015).

2. Free on Board (FOB) Incoterms 2010

Free on board means when seller deliver goods on board nominated place and port by buyer then all risks and losses which pass onward will be paid by buyer once goods are on board of vessel (International Chamber of Commerce: Incoterm rules, retrieved 16.02.2015).

3. Cost and Freight (CFR) Incoterms 2010

CFR means once seller deliver goods on vessel named by buyer then for all losses which occurs onward, the seller must sign contract and pay the cost and freight necessary to arrival of goods to named destination of buyer (International Chamber of Commerce: Incoterm rules, retrieved 16.02.2015).

4. Cost, Insurance and Freight (CIF) Incoterms 2010

In this term, seller deliver goods on vessel named by buyer and when goods are on vessel then for all damage which occur should be compensated by the contract which seller will make and pay the cost and freight to make sure the arrival of goods to destination. One thing which buyer should note after having this term in contract is that seller will only make insurance contract for minimum cover of buyer's loss. But if buyer want full cover then term should be discussed while making contract of goods between both parties to avoid unexpected matters (International Chamber of Commerce: Incoterm rules, retrieved 16.02.2015).

Yunus fans use different Inco terms for delivery of goods to customers according to the region and nature of contract signed with customer but in most cases company use **FOB** incoterm and sea and waterway transport mode for international trade because company goods are quite heavy and will cost more if air transport will be used. For trade with EU, it is better to use most secure modes of delivery as company is going to start business with new region and customers. So it is better to avoid all kind of risks which may cause breach of relations before establishment.

2.8 Methods of Payment

In international trade after having successful deal with international customer, the next step is the payment of that transaction. International payment is quite same to domestic payment but international payment involve huge amount of risk. Therefore, each party in transaction want to make security of its part (seller about its payment and buyer about its consignment). Method of payment is actually the terms of payment which are agreed in contract with mutual understanding of both parties and selection of the method of payment depends all on the foundation of relationship between seller and buyer. while discussing the terms of payment there are certain factors which influence the success of existing and future business of both parties such as economic and political stability of both countries, fluctuation of potential currency, distance in both countries, trade relationship of both countries, nature of merchandise. All these factors should be taken in account by both parties before selecting the payment method.

According to Hinkelman (2008, 11), there are four methods of payment in international trade. All these methods vary from each other and being used according to desire of both parties in transaction. The detail of these methods is given as under:

2.8.1 Cash in Advance

Cash in advance is the most undesirable method in international payment from buyer's point of view and most secure payment method for seller. It provides high rate of security to seller about payment but produce greater risk for buyer. In this method buyer usually found himself in lot of confusions about timely delivery of goods and the accurate amount of goods as agreed in contract. And if goods are damaged or not as per order then buyer take legal action against seller until seller compensate buyer according to sales contract. This method is usually used in

particular situations such as dealing with new customers or having unique product or sometimes large companies place large orders to small companies and then both agree on this method to assist in manufacturing process.

The payment in this method is usually completed through either bank draft or checks or wire payment to account of seller. If buyer is making payment through check then it is seller's responsibility to make sure that buyer's bank has cleared the check before preceding the shipment. However, buyer should always consider other alternatives of payments before agreeing to cash in advance. (Hinkelman 2008, 12). Yunus fan is using cash in advance method for international payments.

2.8.2 Letter of Credit

Considering the fact of insecurity of payment or delivery of goods for both parties, banks and financial institution have generated financial instruments which prevent all risks and insecurity in international payment. One of the most used and important instrument is letter of credit. In this method, banks of both parties (seller and buyer) facilitate the payment process and bank promise to pay to seller on behalf of buyer. This process insure equal security of both parties and when buyers bank issue letter of credit then bank give assurance of payment to seller.

While using this method, seller and buyer don't deal directly whereas bank plays role as intermediary between both parties. Bank handles the documentation of payment but no documentation for shipment. The key document used in this method is bill of lading to take the possession of shipment. The documents which seller present to buyer's bank must be looked up properly specially the wording. In many international transactions, small errors in documents caused delay in payments from buyer's side (Hinkelman 2008, 13).

The figure given below is showing the process of payment through letter of credit.

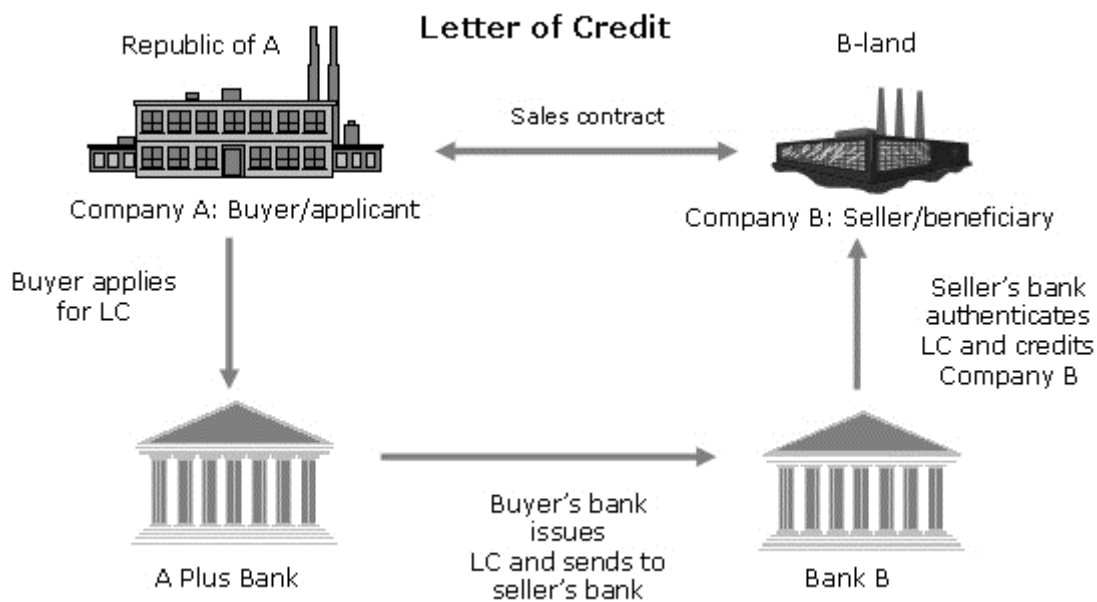


Figure 9: Letter of credit process (Federal Reserve Bank of Atlanta)

2.8.3 Open Account

Open account payment method is not so common in international trade. It provides great security to buyer and leave seller in risk of not getting paid from buyer. In this method seller ship the goods to buyer without receiving money and buyer receive goods and launch goods in market and make money out of it then pay to seller without mobilizing his own funds. In this method buyer usually show his willingness to pay in designated time period after shipment. That time period could be 30, 60, 90 days whereas sometime in longer period of 180 days depending on the relationship of both parties.

In general, this method is used in domestic trade where legal system of country enables seller to take legal action against buyer if something goes wrong in payment whereas in international payment this method is so uncommon. The payments in this method are usually executed either by bank draft or check or through wire payments to account specified by seller. This method is used in international transaction if there is high rate of trust between seller and buyer and buyer is willing to pay with trust of seller. However, seller is advised to look for other alternatives before agreeing on open account method (Hinkelman 2008, 15).

2.8.4 Documentary Collection

In documentary collection method, both parties are not secure as they are in documentary letter of credit process. The banks of both parties also assist payment process but they don't act as intermediary or guarantor of payments but just play role in handling of documentation and payments. In this process, seller ship the goods to buyer and transfer documents to his bank to further deal with buyer's bank for collection of payment. Then seller's bank transfers those documents to buyer's bank and instructs not to handover those documents to buyers until the payment has been made.

This method is good for buyer who buys goods without risking his funds in form of prepayment or having gone through the documentation process for letter of credits etc. Although this method is easier and cheaper than letter of credit method but it involves great risks for both parties such as seller is sending goods without receiving payments and not sure about this transaction what will happen and for buyer's risk acquired when goods have be consigned by seller and he is not sure whether goods are as per order or there is some kind of change or there are damaged goods etc.

So it is good to utilize this method when both parties in transaction have established trustworthy relationship and have on-going business with each other over long time, then there will be no need to take steps for further protection of payments and vice versa (Hinkelman 2008, 14).

3 Empirical Framework

Empirical framework is divided into three parts.

- PESTEL Analysis
- Finnish market research
- Competitor analysis

3.1 PESTEL Analysis

“A PESTEL analysis is a framework or tool used by marketers to analyse and monitor the macro-environmental (external marketing environment) factors that have an impact on an organization. The result of which is used to identify threats and weaknesses which is used in a SWOT analysis” (Professional Academy, retrieved 16.04.2015).

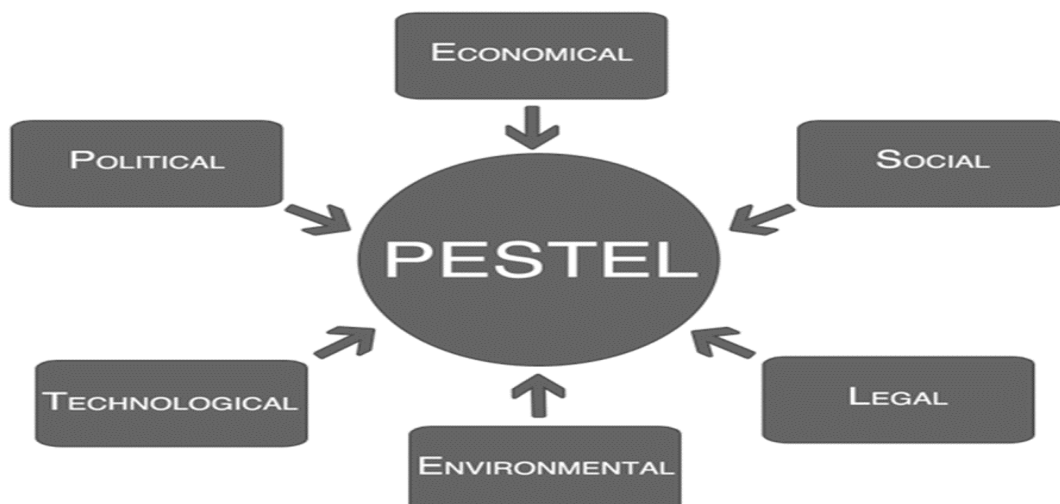


Figure 10: PESTEL (Professional Academy)

3.1.1 Political Factors

Stability of a political government and the economic policies adopted by it deals directly with the political risk associated with all kind of business. A stable government can make stable economic policies that can provide favourable environment to all business. Finland has parliamentary republic government with multiparty political system in the country. President is the head of state who is elected for 6 years. Prime Minister and the Deputy Prime Minister are the head of government and have executive powers (UK essays, retrieved 16.04.2015).

Finland president Martti Ahtisaari was given the Nobel Peace Prize in 2008 which proves that Finland is cooperative model state. Finland's image and reputation of the stability political system was strengthened by this award. The award built a strong confidence of the foreigner investors and motivated them to invest in Finland. In addition to it, Finland is the only Nordic country which joined Euro zone which is a stable currency.

3.1.2 Economic Factors

Finland is highly industrialized country with the GDP of \$276.3 billion. The GDP of the country heavily depends on service sector with rate of 71.9%, while 25.1% on industry and the agriculture share is 2.9%. In year 2013, per capita income of the country was \$ 39,812 which is almost equal to the income of other developed economies like Austria, France, Germany or Sweden (World bank 2011-2013, retrieved 02.02. 2015), which indicates the best purchasing power for electric fans. Official currency of Finland is Euro (€) which has relatively stable exchange rate. It has sophisticated financial system that provides range of services to companies such as they can access to the latest research from the extensive cooperation between Finnish universities and the private sector (CIA.FACTBOOK, retrieved 16.04.2015).

Corporation tax in Finland is uniform for all types of corporate income. Earned income tax in Finland is charged on progressive rate and 30% rate is the maximum earned income tax in Finland. VAT is levied at a standard rate of 24%. There are two reducing rates of 14% on food and 10% on books and carting services (Expatriate Finland, retrieved 16.04.2015). Although the economy of Finland has slowdown in the recent years because of global recession but still economic risk of Finland is low while comparing with other developed countries.

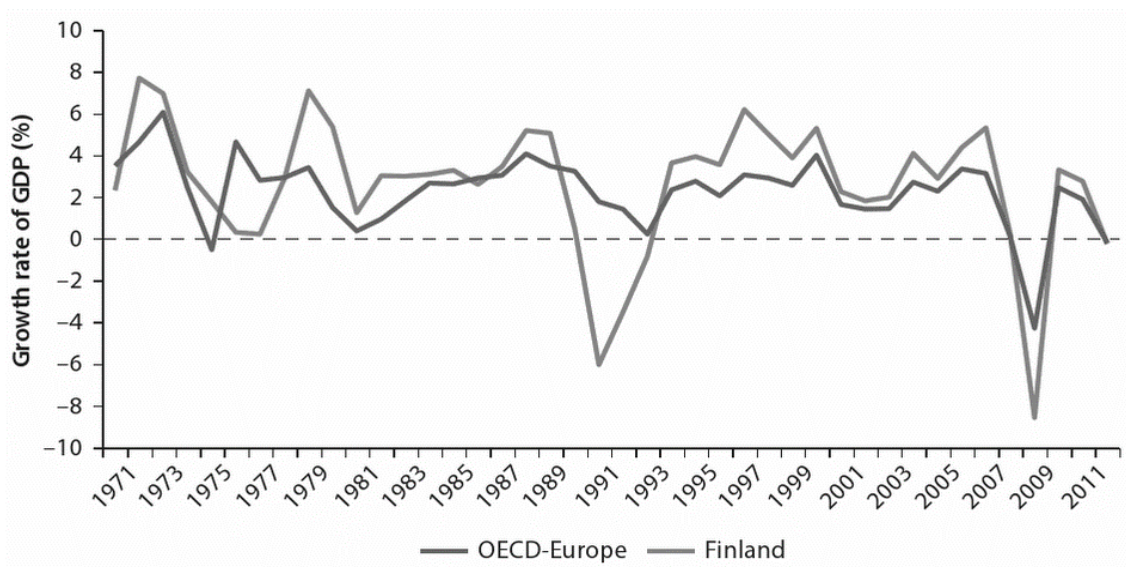
3.1.3 Social Factors

The total population of Finland at the end of 2014 was calculated 5,471,753 (statistics Finland). The labour force of Finland is highly skilled. English is a common language of the business community of Finland and is widely spoken throughout the country, especially among the young Finns which can be helpful for every business coming to Finland (Ministry of Foreign Affairs, retrieved 23.04.2015). In addition, Finnish people are well aware about use of fans and there are no hurdles to own a fan socially or morally.

According to the transparency International, Finland ranked in the third position in least corrupt countries of the world with score of 89 out of 100 (Transparency international. retrieved 16.04.2015). Moreover, starting business in Finland is also much easier and transparent because it requires only 14 days for starting a business. In addition to it, majority of the businesses of Finland are using social media for business purposes. It is good news for the commissioner company because the company is looking B2B customers that can easily be searched out and contacted through social media (Passport to Trade, retrieved 23.04.2015).

3.1.4 Technological Factors

After 1970s oil crisis which caused gradual decline in Finnish economic growth, Finnish government took initiative to bring new era of innovation in policies to shift economy on knowledge as cost effectiveness was not good option for development. This U-turn in policies was crucial for the survival of Finnish companies in global economy. This step resulted in the formation of the Funding Agency for Technology and Innovation (Tekes) in 1983. The key purpose of this agency was to grant loans for result oriented technical research. The economic development was faster in 1980s decade than many other OECD countries (Finland as a Knowledge Economy, 32).



Source: OECD data (stats.oecd.org).

Figure 11: **GDP Growth (Expenditure Approach) in Finland and OECD-Europe, 1971–2011**

Finland was transforming to knowledge economy as knowledge became dynamic strength of economic development and whole process went through severe economic crisis which led to changes in policies at different stages. While recovery from recession, government figured out strong need of R&D to counter high level of unemployment across the country. The efforts to develop R&D resulted the formation of National Innovation System and Finnish government started spending more money on R&D. Due to visionary steps of government, Finland became highly specialized in ICT equipments and one big example is Nokia. This was the greatest achievement of National Innovation System and was reward of massive expenditures on R&D. The figure given below is explaining the amount of euros which has been spent on R&D over different years.

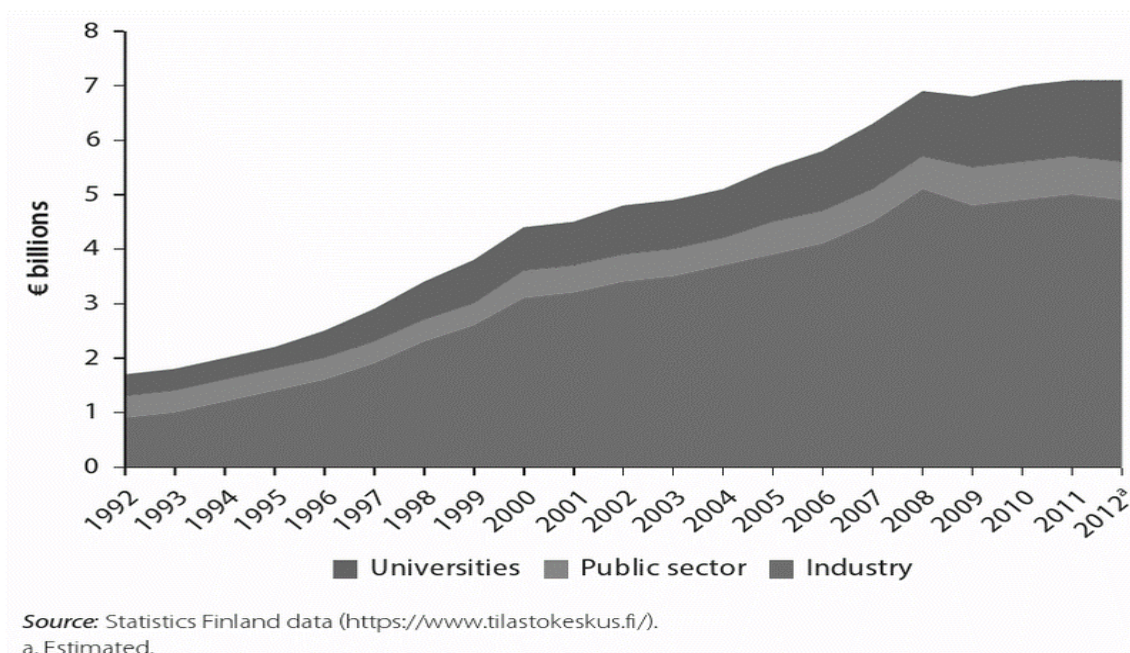


Figure 12: **R&D Expenditure in Finland, 1992–2012**

In 1995, Finland joined European Union and R&D researchers and developers extended their expertise to EU R&D which was breakthrough for Finnish innovation projects (Finland as a Knowledge Economy, 32).

In present, most of Finnish population is well aware of current technology and internet. In 2014, 51% of aged 16-89 in population followed social network sites and services and 86% of same age group used internet. The use of online blogs and social media is increasing as compare to previous years (Finland Statistics 2014, retrieved 16.04.2015). Finland is also very much advanced in production of electricity. In 2012, Finland produced one billion kilowatt hours (kWh)

which was four percent down then the production of previous year. Finland produces 80% of energy through its domestic sources whereas rest of it imports from Nordic countries, Russia and Estonia. Therefore, there are no energy crisis issues in Finland for commissioner’s products (Statistics Finland, retrieved 16.04.2015).

3.1.5 Environmental Factors

A change in Finnish weather has been seen over years due to global warming phenomenon. Finland has four seasons such as winter, summer, spring and autumn. Finnish winter is the longest and hardest season whereas summer is shorter and sometimes warmer unexpectedly. In winter, the mean temperature lies between -25 to -40 degree and in summer 25 degree or sometimes over if it get warmer depending on the location. The difference has been recorded 1.4 °C between 1900 and 2014 years. The increase in degrees among the seasons is described with the help of table given below (Finnish Meteorological Institute, retrieved 16.04.2015).

| Finland's mean temperature (°C) linear trend for 1900-2014 (114 years) | | | | |
|---|--------|--------|--------|--------|
| annual | spring | summer | autumn | winter |
| 1.40 | 2.07 | 1.40 | 1.13 | 0.91 |

Figure 13: Temperature changes between “1900-2014”

This is an advantage for commissioning company to see gradual change in Finnish climate. As Finnish weather is changing, so there will be more opportunities for case company products to target more audience in Finland for whole year.

3.1.6 Legal Factors

Considering legal factors for business of electric fans in Finland, Finnish legal system is greatly influenced by EU laws and EU laws are directly applicable in Finland after joining European Union in 1995. Finnish legal system is very much developed and one of key factors which supports business stability. Finnish legal environment is very much supportive for start-ups because of less corruption. Finnish legal system is based on civil law and has been carried out

from German and Scandinavian legal system. Finnish higher courts can make decisions over lower courts whereas European Union court of justice (ECJ) can overrule the decision if necessary because of strong integration of EU laws (Starting a business in Finland, retrieved 23.04.2015).

Roschier, Attorneys LTD, 2012 narrates that according to Freedom of Act (122/1919) the states which are domiciled in EEA states have right to start business directly in Finland without the permission of government whereas other natural persons need to carry permit from government to start their businesses. There are different forms to initiate business in Finland. The most popular forms are general partnership, limited partnership, limited companies, private limited companies and public limited companies. However, business can also be started as sole proprietorship which will be registered in Finnish Trade Register but will not be treated as separate entity. According to Finnish and EU laws, there is no any kind of legal compulsion to import and to start business of fans in Finland or in any other EU countries.

3.2 Finnish Market Research

In market research process, the writers visited all popular electric stores based in Oulu such as Gigantti Oy, Prisma Oy, K-City Market, Bauhaus, Hammarin Sähkö Oy, Kärkkäinen, Verkkokauppa and Tokmanni. The representatives of all mentioned markets were approached to conduct interviews. The authors also observed all fan brands available in these markets. During observation, the main focus was on the prices and specification of fans. The basic purpose of observation was to draw a comparison between commissioner products and Finnish market products in order to get understanding of prices and product specification.

Bauhaus and Hammarin Sähkö Oy agreed to share valuable information and their business experiences. The interview questions were structured in three parts:

3.2.1 Purchasing process

This part of the interview contains the questions related to purchasing process. According to both companies, the core issues which they keep in mind during purchasing are price and quality. Business for both cooling and heating fans is seasonal business in Finland and they place their

orders before six months of each season. Hammarin Sähkö Oy has two suppliers for cooling fans and ten suppliers for heating fans and relationship between company and supplier is very strong and based on trust as they are working together for long time and company is quite satisfied with their services. Bauhaus has central purchasing system which operates in Vantaa and there is one lady working in Vantaa headquarters who makes purchasing decisions for all Bauhaus stores across Finland. Bauhaus also has their own fan brand name "Star fans" which company purchase from German supplier and each store get its supply after two weeks of order from headquarters.

3.2.2 Selling process

This part of interview carries the questions relevant to selling process. Both companies have their stores where they sell products. Hammarin Sähkö Oy is not selling only electric products but also selling different electric services such as electrician services in which company fix electric problems and install electric heaters in newly constructed houses. Company use different marketing channels which include social media marketing and print media sometimes. Company also has online feedback services available on their Facebook page where customers can express their feedback about company products and services. According to owner of the company, some customers prefer to visit store physically if they have some queries.

Bauhaus has very big stores in different cities of Finland. Bauhaus advertise their products through social, print and electronic media. They also have their own store brochures which they distribute to target audience four times in a month through Oulu Suorajakelu Oy. Bauhaus receives feedback from its customers through feedback form which is available on each Bauhaus store and through social media as well.

According to both companies, weather has great influence on demand of table and heating fans. If weather is too hot unexpectedly, the sale of table and pedestal fans increase and vice versa. And in winter, when weather is too cold then sale of heating fans increases because people living in wooden houses buy external heaters.

3.2.3 Supplier selection

Hammarin Sähkö Oy has twelve suppliers in total, two for cooling fans and ten for heating products. These suppliers belong mostly to Finland, other Nordic countries and from China. The company is operating in electric equipment business since 1909 and has very strong relation with its suppliers. Suppliers select products for company and then they send to company store. Suppliers are responsible for price and warranty of purchased products.

Bauhaus has ten to twelve suppliers from which they purchase different products. The head office in Vantaa basically decides the supplier on the grounds of price, quality, delivery time and accuracy of services. For electric fans, Bauhaus has its own brand "Star fan" which they get from their one of German supplier. But Bauhaus also sells another fans brand name "Termo".

3.3 Competitor Analysis

To penetrate successfully in target market, the key is to have in depth knowledge about the competitors already operate in the market. Effective strategies can be formed to tackle the competitors on the basis of valuable information which is gathered during market research process. Good enough information of competitors is the key to understand potential customer's behaviour. All stores which sell electric products are competitors to one another. All the companies are competing in the market on the basis of price, quality and design. There are two kinds of fans available in the stores, plastic made fans and metal made fans. Metal fans are expensive compare to plastic fans. Metal fan prices are more than 50€ in all the stores whereas plastic fan falls in the category of 10€ to 70€ price products depending upon the quality, size and design.

The commissioning company is producing metal made electric fans considering the trends of existing target markets such as Middle East and South Africa. In comparison with competitors in Finnish market, commissioner products are cheaper but carry equal quality because of cheap labour and availability of cheap raw material etc. Moreover, after acquiring GSP+ status from EU Pakistani products have an edge over EU and other country products due to zero duty.

The following table explains the exact price difference between competitors and commissioner products.

| Products | Competitors prices in € (Star fans, Termo, Higon) | Commissioner (Price in €) |
|--------------------------------|--|---------------------------|
| Table Fan | 50 - 70 | 7 - 35 |
| Pedestal Fan | 50 - 100 | 20 - 90 |
| Bracket Fan (Plastic Material) | 10 - 80 | 7 - 40 |
| Heating Fan | 10 - 30 | 5 - 20 |

Figure 14: Comparison of prices

4 Conclusions

The goal for conducting thesis research was to analyse the potential of Finnish electric fans market for commissioning company in addition to find out all the legal requirements for importing products from Pakistan to Finland i.e. customs clearance, legal documentation etc.

The theoretical framework clearly indicates the thorough answer of second research question which explains importance of international trade and long term relationship between two countries. This part also describe the entire import process including all necessary legal documents which are required for importing products from Pakistan to Finland and suitable transportation modes for commissioner company. Currently commissioner company is targeting Middle East and South African markets whereas the detail of all documents given in theoretical part specifically for Finland. The specimen of each document is also attached as appendices.

After examining the interview results of Bauhaus and Hammarin Sähkö Oy, we conclude that the size of fan market is steadily growing with the passage of time in Finland. The business for both type of products is seasonal but there is demand for both products and company can target both seasons. Ultimately, company would be in the market for whole year. Moreover, in Finland every store has a central buying system due to which company has an edge to enter Finnish market by contacting central buying units of each chain of stores. To sustain in Finnish market, it is very important for a company to establish good relations with suppliers who are actually supplying products to each chain of stores. In addition, market analysis defines that Finnish companies are not well aware of Pakistani products because of insufficient business relations between business communities of both countries.

However, the commissioning company have to work hard in a way in which potential of Finnish market can be capitalized. Furthermore, the commissioning company can play vital role to expand business relations between both nations.

5 Recommendations

After research of Finnish market, the authors conclude that the commissioning company should have to work on following grounds:

1. To enter Finnish market, company have to fulfil all legal requirements proposed by European Union which already have been discussed above in import process section.
2. Personal selling would be the best approach to develop working relations with central buying unit of each chain of stores. So it is recommended to pay a personal visit to Finland by company representative.
3. We observed that electric fans available in Oulu based stores look different in design, material and specification. The company has to adopt modern trends such as new design, the size and material because currently company products are quite heavy as compared to Finnish market products.
4. It is suggested to send company production manager to take a closer look at current designs of product and trends. After reviewing the suggestions of delegation, more work should be done on R & D in order to meet requirements of Finnish market.
5. GSP+ status an extra opportunity for Pakistani products to compete with existing competitors of Finnish market.
6. The results of targeting Finnish market would not be financially so harmful for company because of small target audience.

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7 Appendices

7.1 Interview Questions

Purchasing process

1. Give us general view of your business especially about electric product department?
2. What is your process of buying products? Do you purchase product range or single product? What is reason behind to follow this process?
3. Do you prefer EU manufactured products or non EU to purchase? And Why?
4. From which country you are purchasing your products most? What is the reason to purchase from existing seller?
5. What is your criteria of purchasing? Price/Quantity/Quality/Payment/Incentive/Warranty/Guarantee?
6. Which fan is popular most? Table or Pedestal?
7. How do you import products? Do you control import process or you outsource someone?
8. What is approximately minimum and maximum time of product delivery from your existing Suppliers? Are you satisfied with current delivery time?
9. Do you have any kind of observation/perception regarding Pakistani products or companies?
10. Do you maintain stock level of fans? (Yearly, quarterly, monthly, seasonal)


Selling process

11. How you market your electric product? Which channels do you use to market your product?
12. Do you face any kind of challenges in selling electric fans? If yes then what kind of?
13. What is the relationship between consumer buying behaviour and seasonal changes in the country?
14. What is consumer criteria for selection of electric product especially electric fans, what determinants (quality, price, durability, energy efficiency, packaging etc.) matters most?
15. What is the potential of Finnish electric fans market?
16. Who are your competitors? What are their products?
17. Who are popular players/brands for electric fans operating in Finnish market?
18. Do you have any way of getting customers feedback? If yes then what?

Supplier Selection

19. How do you see your relationship with existing supplier?
20. How many suppliers you are dealing with? If many why?
21. How you place your orders to supplier's i.e. email, fax, and telephone?
22. Do you prefer to get supply in short time, purchasing at low cost, high credit time, or any other factor while selection of suppliers? (Background, financial strength, repute, supply chain management system, others)
23. Thank you for all that valuable information, is there anything else you would like to add before we end?
24. Can we contact you if any further questions arise?


7.2 Appendix 1 Sample of Yunas Fans Commercial invoice



Est. 1979
Trade Mark Regd. No. 52229
Copyright Registration No. 4123

یونس میٹل ورکس (پرائیویٹ) لمیٹڈ گجرات
Yunas Metal Works (Pvt.) Ltd.

Phones: 92 53 35252203-4-5, Fax: 92 53 3515204, E-mail: yunasmfans1@hotmail.com, http: www.yunasmfans.com



Ref. No. _____ Date _____


INVOICE

| | | | | |
|--|------------------------------------|--|-----------------------|--|
| APPLICANT J N B INTERNATIONAL GEN. TRADING L.L.C P.O BOX 377289, DUBAI U.A.E. TEL: 00971-423-42166 FAX: 00971-423-42370 Email: jnbint@emirates.net.ae | | Buyer Ref NO. & DATE JNB/PI/14/259 Dated 24-11-2014 | | HS. CODE NO. 8414.51.00 |
| | | | | PORT OF LOADING KARACHI-PAKISTAN |
| | | DATE: 13-01-2015 | | PORT OF DISCHARGE MONROVIA-LIBERIA |
| CONTAINER NO. ECMU 904402-8 (1X40') HIGH | | E' FORM NO. DATE BOK 0048482 DATE: 13-01-2015 | | SHIPMENT TERMS C & F |
| SR. # | DESCRIPTION OF GOODS | UNITS/SETS | UNIT PRICE IN US\$ | AMOUNT IN US\$ |
| 1 | PEDESTAL FAN 24" ("AMAR BRAND") | 1550 | 26.85 | 41617.50 |
| TOTAL | | 1550 | | 41617.50 |

UNITED STATE DOLLARS FORTY ONE THOUSAND SIX HUNDRED SEVENTEEN AND CENTS FIFTY ONLY





WE WOULD CLAIM REBATE TERM OF SRO 2011(I)/2009 DATE 05.03.2009 AGAINST THE DUTIES PAID ON THE IMPORT OF RAW MATERIAL USED IN THE MANUFACTURING OF ELECTRIC FANS BEING EXPORTED VIDE THIS INVOICE.

FOR YUNAS METAL WORKS PVT. LTD
G.T.Road, Gujrat-Pakistan



Yunas Metal Works
(Pvt) Ltd
G.t Road Gujrat

7.3 Appendix 2 Sample of Yunas Fans Bill of lading

| | | | | |
|--|--|--|--|---------------------------------------|
| Shipper YUNAS METAL WORKS (PVT) LTD YUNAS COLONY G.T.ROAD, GUJRAT - PAKISTAN. TEL: 92 53 3525203-5 FAX: 92 53 3515204 | | BILL OF LADING FOR COMBINED TRANSPORT SHIPMENT OR PORT TO PORT SHIPMENT NOT NEGOTIABLE UNLESS CONSIGNED "TO ORDER" | | Bill of Lading No. KH/JEA/ML/01353 |
| Consigned to the order of M/S FAHAD AYOUN BUILDING MATERIALS, TRADING ESTABLISHMENT. P.O. BOX NO. 85142, QUSAIS, DUBAI - U.A.E. TEL: 00971-4-2672382 FAX: 00971-4-2672383 FORM 'E' NO : BOK-0048480 DATED: 31-12-2014 | |  Merchant Lines FIRST ORIGINAL ORIGINAL | | |
| Notify Address (It is agreed that no responsibility shall attach to the carrier or its Agents for failure to notify) M/S FAHAD AYOUN BUILDING MATERIALS, TRADING ESTABLISHMENT. P.O. BOX NO. 85142, QUSAIS, DUBAI - U.A.E. TEL: 00971-4-2672382 FAX: 00971-4-2672383 | | | | |
| Pre-Carriage by | Place of Receipt by Pre-Carrier |  | | |
| Vessel WAN HAI 172 V:198 | Port of Loading KARACHI, PAKISTAN | | | |
| Port of Discharge JEBEL ALI, UAE | Place of Delivery JEBEL ALI, UAE | | | |
| Marks and Nos. | Number and Kind of Packages & Description of Goods | Gross Weight | Measurement | |
| ORIGIN PAKISTAN | 5800 PKGS | 01X40' H/C CONTAINER STC: 5800 PACKAGES | SAID TO WEIGH | |
| | | 1450 NO'S OF ELECTRIC FANS AS PER INVOICE NO: YMWL/UA/E/015/001 | GR: 16505.00 KGS NT: 16100.00 KGS | |
| | | FREE TIME 14 DAYS FROM THE DATE OF UNLOADING FROM THE VESSEL AT PORT OF DISCHARGE | | |
| FREIGHT PREPAID | | | | |
| CONTAINER NO | SEAL |  | | |
| TTNU-908681-0 | 202157 | | | |
| FCL/FCL-CY/CY, SHIPPER LOAD, STOWED & COUNT. ALL DESTINATION CHARGES ON CONSIGNEE'S ACCOUNT. ABOVE PARTICULARS AS DECLARED BY SHIPPER - CARRIER NOT RESPONSIBLE - SUBJECT TO OTHER TERMS & CONDITIONS AS ON REVERSE | | | | |
| Received in good order and condition, unless otherwise noted herein, at the place of receipt for transport and delivery as mentioned above. The Particulars as stated above by shipper and the weight, measure, quantity, condition, contents and value of Goods are unknown to the Carrier. Quality, quantity, and nature of the cargo stuffed inside the container by the shipper is unknown to the carrier. One of these Combined Transport Bills of Lading must be surrendered duly endorsed in exchange for the goods. IN WITNESS whereof the original Combined Transport Bills of Lading all of this tenor and date have been signed in the number stated below one of which being accomplished and the other(s) to be void. The contract evidenced by or contained in this bill of lading is governed by the law of Pakistan and any claim dispute arising hereunder or in connection herewith shall be determined by the courts in Pakistan and no other courts. Cargo insurance not provided by the Carriers. In case subject shipment is not loaded on vessel named aforesaid for any reason / is not cleared / claimed by the consignee and cargo is abandoned at destination or cargo is mis-declared by the shipper subject to any seizure of the shipment at port of loading or port of discharges all charges / penalties / fines / legal fee pertaining to this shipment will be for shipper's account and carrier hold shipper fully responsible for the same. All charges with regard to losses and / or damages to container(s) whilst empty container(s) is/are returned to lines custody at destination will be on consignee account. Destination THC, Container Detention charges and all other applicable ancillaries are payable at destination by consignee. The shipment will be held back by carrier/carrier's agent if shipper or consignee owes any money without any responsibility of claims on their part. In case shipment has been rejected by the authorities at the discharging port, re-shipment expenses, demurrage, detention etc. and all freight charges will be on shipper's account. Carrier is not responsible for the condition of cargo. | | | | |
| Agent to contact for release of goods Navio Shipping LLC Suite 1803, Al Moosa Tower 1, Sheikh Zayed Road PO Box : 122471 Dubai, United Arab Emirates T : +9714 3555011 F : +9714 3555010 | | Freight payable at KARACHI | Place and date of issue KARACHI 06-JAN-15  MERCHANT SHIPPING (PVT) LTD. | |
| | | Number of Original B/L THREE (3) | For and on behalf of Merchant Lines AS AGENT | |
| | | Total Freight Amount | | |

7.4 Appendix 3 Sample of Yunas Fans Packing list

J.N.B INTERNATIONAL GEN. TRADING LLC

P.O BOX 377289, DUBAI

| PACKING LIST | | | |
|--|---|---|---|
| EXPORTER:- J N B INTERNATIONAL GEN. TRADING LLC P.O BOX 377289, DUBAI UAE TEL: 00971-423-42166, FAX 00971-423-42370 Email: jnbint@emirates.net.ae | | Buyer Ref. No & Date JNB/PI/14/259 Dated 24-11-2014 | |
| CONSIGNEE :- M/S JEETY TRADING CORPORATION MONROVIA, LIBERIA, WEST AFRICA, | | Buyer (if other than consgnee) Same as consgnee | |
| Pre-Carriage by | | Country of origin of Goods PAKISTAN | Country of Final Destination MONROVIA - LIBERIA |
| Country of Export DUBAI, UAE | | | |
| Vessel/Flight No. | Port of Loading ANY PORT IN PAKISTAN | Terms of Delivery & Payment | |
| Port of Discharge LIBERIA | Final Destination LIBERIA | | |
| BRAND NAME: | MODEL NO: | CONTAINER NO :- | E.FORM NO & DATE |
| "AMAR FAN" | FP 24" | ECMU 904402-8 | BOK 0048482 DATE 13-01-2015 |
| SR. # | DESCRIPTION OF GOODS | UNIT / SETS | |
| 1 TO 1550 | PEDESTAL FAN 24" (MOTOR BODY) | 1,550 | |
| 1551 TO 3100 | PEDESTAL FAN 24" (GUARD & BLADE COMPLETE SET PACKED IN ONE MASTER CARTON) | 1,550 | |
| 3101 TO 4650 | PEDESTAL FAN 24" (BASE) | 1,550 | |
| 4651 TO 4805 | PEDESTAL FAN 24" (10 RODS PACKED IN ONE CARTONS) | 155 | |
| TOTAL | | | 4,805 |
| ORIGIN: PAKISTAN | | | |
| Certified that each Carton /Box/Package/Case etc bears the country of origin name. | | | |
| NUMBER OF PACKAGES: 4805 | | NO. OF ELECTRIC FANS: 1550 | |
| NET WEIGHT: 17550 KGS | | GROSS WEIGHT 18150 KGS | |
| Specification:- Light Green Color, Double Ball Bearing, Motor, Motor 4.5 Kgs, aluminim winding, Two Core Flexible wire with Two pin plug, 110 star type Steel Chromed Guard, 4 Aluminum Blades, 3 speeds + off position, push knob for 0-90 degree oscillation, 28" Long rod, Metal Base 3.5 Kg. | | | |

FOR J N B INTERNATIONAL TRADING LLC
DUBAI U.A.E



7.5 Appendix 4 Sample of Yunas Fans Proforma invoice



SUFIA
TRADERS

Ref. No: _____

G.T. Road, Gujrat.
Ph: 053-3525203-4,
Fax: 0092-53-3515204

Dated: _____

PROFORMA INVOICE

| APPLICANT | | NO. & DATE | | H.S. CODE NO. |
|---|----------------------|------------------|-----------------------|-------------------|
| M/S FAHAD AYOUN BUILDING MATERIALS TRADING ESTABLISHMENT. P.O BOX NO. 85142, QUSAIS, DUBAI - U.A.E TEL: 00971-4-2672382 FAX: 00971-4-2672383 | | ST/UA/E/019/09 | | 8414.51.00 |
| | | | | PORT OF LOADING |
| | | | | KARACHI-PAKISTAN |
| | | | | PORT OF DISCHARGE |
| | | DATE: 26-07-2012 | | JEBEL ALI |
| | | | | SHIPMENT TERMS |
| | | | | C & F |
| SR. # | DESCRIPTION OF GOODS | UNITS/SETS | UNIT PRICE IN US\$ | AMOUNT IN US\$ |
| 1 | PEDESTAL FAN 24" | 1500 | 17.77 | 26655.00 |
| TOTAL | | 1500 | | 26655.00 |
| ORIGIN: PAKISTAN | | | | |
| UNITED STATE DOLLARS TWENTY SIX THOUSAND SIX HUNDRED FIFTY FIVE ONLY | | | | |

TERMS AND CONDITIONS.

| | | |
|-----------|---|--------------|
| Value: | Total C & F Port JEBEL ALI By Sea | 26655.00 USD |
| Origin: | The Merchandise is of Pakistan Origin | |
| Packing: | Standard Good Quality Export Packing | |
| Shipment: | Shipment in 1x40' FCL container | |
| Quantity: | Quantity and Amount to be read as about +/- 10% | |
| Payment: | Advance | |

For SUFIA TRADERS
G.T.Road, Gujrat-Pakistan

Handwritten signature
SUFIA TRADERS
G.T. ROAD GUJRAT

7.6 Appendix 5 Sample of Forwarder Invoice

Air & Sea Freight Forwarders

UNITED CUSTOM HOUSE AGENCY

INVOICE

status

Custom Clearing Forwarding & Shipping Agency

Head Office Stalkot: Near Janjua Petrol Pump, Sambrial.
Ph:+92-52-6520282,6523061-62.
Fax:+92-52-6520582
Mob:0300-8610583,03008616723 . e-mail: ucha@brain.net.pk

Gujranwala Office: Opp. General Bus Stand
Near Askari Commercial Bank,G.t.Road Gujranwala
Ph:+92-55-3736122,3736222-62. Fax:+92-52-3857940
Mob:0300-8648583, e-mail: ucha@gjr.wol.net.pk

Bill# 2,689 **Dated:** 24-06-2011
Job No. 970/EXP/10 **Dated:** 20-06-2011
Division: SEA FCL
PICT TERMINAL

M/S: SUFIA TRADERS., G.T.ROAD GUJRAT.

Shipper: <Search>
Commodity: FANS
Form 'E' No. BOK0035295 **Dated** 20-06-2011
Party Invoice No. ST/UAE/011/019 **Dated** 20-06-2011
Shipping Bill No. EG1865389 **Dated** 23-06-2011
B/L No. 0781000654 **Dated** 16-07-2011
Invoice Value 45,000.00 **Gross Weight** N/A
Terms N/A **Vessel Name** N/A
Destination JEBEL ALI **Shipment Type** SEA
No. Of Cortons 6004 PKGS **Container No(s).** WHLU5415757
Measurement 1x20

| Sr# | DESCRIPTION | Amount |
|-----|------------------------------------|------------|
| 1 | PACKAGE RATE ALL IN | 135,000.00 |
| 2 | SALE TAX @ 15% ON SERVICES CHARGES | 0.00 |

Note :-All the goods cleared stored and forwarded at owner risk.
Any claim of our should be inform within 15 days from received of the bill after expiry of this period claim cannot be entertained and will become timebarred as finally accepted

Gross Amt: 135,000.00
DISCOUNT: 0.00
Net Amount: 135,000.00

Seller Sign. _____

Buyer Signature. _____