

**Bilal Hafiz Muhammad**

**Supply Chain Management, Case  
Importing Footballs from Pakistan**

**Thesis**

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<b>Department</b> Ylivieska	<b>Date</b> 5.04.2016	<b>Author</b> Bilal Hafiz Muhammad
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<b>Instructors</b> Kaija Arhio		<b>Page</b> 26 + Appendices
<b>Thesis supervisor</b> Kaija Arhio		
<p>The concept of the thesis is to know how one can start a business of import and export in Finland and the steps taking place during this process. Pakistan is not in the top lists of doing import and export business but due to low labor cost, corporations prefer to do business with Pakistan.</p> <p>My thesis mainly consists on a business plan and supply chain management. As I have done my specialization in Supply chain management, it helped me to understand how the supply chain management and logistics taking place in any business. The thesis demonstrates mainly theoretical part and various references used from different sources.</p> <p>I believe my research would help everyone to some extent, who want to get basic knowledge of how trading is done in Finland and how logistics has a big role in all businesses.</p>		

<p><b>Key words</b></p> <p>Business plan, Entrepreneurship, Import and export, supply chain management, Logistics, transportation, Football, Foreign policies, Taxation</p>
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## **ABBREVIATIONS**

FCL = Full container load

LCL = Less than a container load

WMS = Warehouse management system

ERP = Enterprise resource planning

FOB = Free on board

SCM= Supply chain management

IR= Infrared

FIFA= Federation international de Football Association

PFF= Pakistan football federation

NTN= National Tax number

NIC= National identity card

WTO= World trade organization

SAD= Single administrative document

WCO= World custom organization

VAT= Value added tax

ICS= Import control system

ENS= Entry summary declaration

EU= European Union

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## 1 INTRODUCTION

The key to success in any business is how well the entrepreneur utilize their resources, use them efficiently and bring the maximum output and at the same time eliminating waste. Efficient management of supply chain is a very important factor in any business as it is directly related with the cost of the product manufactured.

My thesis work is based on my business plan and the importance of logistics and supply chain management in any business. The business plan contains information about how to import goods from Pakistan, in my case I will be importing footballs. Many import and export businesses are using almost the same pattern as I have described in my thesis, so for the reader who needs some idea about how the import process takes place in Finland can get help by my work as numbers would be different for example, tax and other forms of regulations but the idea remains the same.

Why I choose footballs as my product has a very good reason behind it. Pakistan is one of the leading countries in manufacturing footballs and responsible for supplying nearly half the demand in the world. The biggest name in the industry for instance; Nike, Adidas and Puma are the main customers.

Football was first brought to Finland in the 1890s by English sailors, and it was first played in Turku. The first national competition in the sport was set up in 1906, and won by a school team from Turku. The Football Association of Finland was founded in 1907 and it joined FIFA the following year. Ice hockey is traditionally the most popular sport in Finland but football is increasing in popularity over the past years especially among kids, youth and women (2016).

Finland hosts two major youth football tournaments that are open to international teams: Helsinki and Kokkola cups. The Helsinki cup was established in 1976 and has since been competed by teams from different continents. The tournament is annually staged either in June or July in Helsinki (2016).

Kokkola cup is organized by lower-division club GBK Kokkola. The tournament usually last for four days and has a recorded a maximum participation of 330 teams (2016).

## **1.1 Background of the Study**

Logistics management is the part of supply chain that arranges, actualizes, and controls the proficient, powerful forward, and turns around stream and capacity of merchandise, administrations, and related data between the purpose of inception and the purpose of utilization with a specific end goal to meet client's requirements (Waters, 2009). An expert working in the field of logistics administration is known as a logistician.

The purpose of the thesis is to provide some data to import football from Pakistan to Finland while keeping the cost low on transportation as it is the most expensive part of the business, by choosing the right selection of port and selecting the proper size of vehicle for transporting goods from ports to the destination, to compete within the market with other similar products is by offering the lower price and providing quality products.

The aim and of this thesis work is

1. To present a cost-effective and efficient way to import goods from Pakistan to Finland.
2. Selection of suitable transportation system.
3. Comparison between FCL (Full Container Load) and LCL (Less than a Container Load).
4. Selection of a logistics company.

In order to achieve the above objectives, I have divided the entire thesis in different successive topics, which are Introduction (Background of the study); Logistics and supply chain management, and import and export procedures.

In the beginning I have given the foundation of the study and strategy used to accomplish the task. In a similar way the different activities of supply chain management and logistics from receiving of raw materials to final customer. It also gives a brief idea on various (cost effective) possible modes and ways of importing goods from foreign manufacturer. Under the topic of logistics and supply chain management I have also explained different possibilities on how cost

can be reduced in terms of FCL and LCL along with effective management system of warehouse.

## **2 SUPPLY CHAIN MANAGEMENT**

### **2.1 Introduction**

Supply chain management is the control and organized flow of material, information, and finances as they move in a process from supplier to manufacturer to wholesaler to retailer to the end customer. The ultimate goal of effective supply chain system is to reduce the inventory and waste. With the help of sophisticated software systems such as ERP, it's easier to track flow of all the activities in supply chain management.

Supply chain management flows can be divided into three main flows:

- a) the product flow
- b) the information flow
- c) the finances flow

The product flow includes all the movements of goods starting from supplier to the customer. The information flow related to the fill up the demand, location providing services and feedbacks. And finally the finance flow deals with all the payments, consignment and title ownership arrangements (SCM, 2010) (Waters, 2009).

Supply chain management is a very complex process, thus to keep the productivity flow smoothly and focusing on the weak area in a chain, as there is always room for improvement.

### **2.2 Key issues in supply chain management**

In this section, the addressed issues are in supply chain management in much more details. These issues span a large spectrum of a firm's activities, from the strategic through the tactical to the operational level:

The strategic level manager's choices have significant impact on the firm. It concludes the choices with respect to item outline, what to make inside and what need to be outsourced, supplier selection, and addition to the number of suppliers, area and limit of distribution centers and assembling plants and the stream of material through the logistics system.

The strategic level incorporates choices that are ordinarily upgraded every three to four months consistently. These include purchasing and production decisions, inventory policies, and logistics strategies, incorporating the recurrence with which clients are visited.

The operational level handling by supervisors or team leaders refers to day-to-day decisions such as scheduling, lead time quotations, routing, and truck loading (McGill, 2010).

An inability to define potential risk and create alleviation methodologies for those dangers that have a high likelihood of occurring could risk business congruity and benefit. On the other hand, companies that tackle risk as a top priority inclined to face real issues identified with versatility and responsiveness to unpredictable interest. In this manner, small and medium size organizations need to make a vigorous danger moderation arrange for that addresses the absolute most basic and basic inventory network related dangers including supplier quality and execution, ware value instability, more muddled item and administration blend, absence of perceived ability to outsourced operations and connections, lacking physical appropriation bases, and unpredictable transportation cost (Waters, 2009).

### 3 LOGISTIC MANAGEMENT

Logistics management is the part of supply chain management that plans, implements, and controls the efficient, effective forward and reverses flow and storage of goods, services, and related information between the point of origin and the point of consumption in order to meet customers' requirements. (Taylor, 2009)

Logistics exists to fulfill customer demands by encouraging relevant manufacturing and marketing operations. The principle obligation of logistic is the geographical positioning of raw materials, work in progress and finished inventories at the lowest conceivable expense.

Creating logistics value is costly. Logistics represent one of the highest costs of doing business. The expenditure normally goes from 5% to 35% of sales depending on the type of business. In this manner thus logistics even though very important part for any business success remains one of the most expensive part (may 2016).

Logistics management includes the design and administration of systems to control the flow of materials work in progress and finished inventory to support business unit strategy”

From the above definitions, we conclude that:

- Logistics management is the function of managing the total flow of materials which includes movement of raw materials from suppliers, in process within the firm, and movement of finished goods to the customer.
- Logistics management covers both physical flow of products as well as information flow covering reports and documentation relating to goods movement.
- Logistics management involves procedures that meet customer service at the minimum cost.
- Logistic management achieves cost reduction by speeding the flow of materials, work-in-progress and finished products.

### **3.1 Activities of the Logistics Functions**

Logistics is the science of management, engineering and activities concerned with maintaining the resources which helps to improve the plans and operation taking place in any business. The role of the logistics is to maintain the balance between supply and demand. There are various activities of logistics covered in this section.

#### **3.1.1 Order Processing**

Though this activity does not contribute much in total costs, yet it is treated important because of its contribution to lead time. Order processing relates exchange of information between customers and organizations. The information can be used later for further analysis about fulfilling the market demand, the kind of operation should be involved and the quantity of product available for customers (Taylor, 2009).

#### **3.1.2 Transportation Management**

Transport is responsible for the physical movement of materials between points in the supply chain (Waters, 2009). It is the heart of the all logistics. As transport also takes time, it can make the direct impact on time utility and therefore it's crucial to understand the role of the transportation.

There are several types of transportation systems available and each concerns with the selection of most economical transportation mode e.g. sea, rail, road, and air. Every organization uses transportation whether it's for raw material or finish product to end customers (Waters, 2009).

When taking the transportation management into consideration it is very important to understand the idea about how transportation can be safe and secured. Most of the products are transported from place A to place B usually in containers, so it is a good idea to find which container size is suitable for the requirement. In the shipping sector the use of containers offers number of valuable features for example, the durable design of the containers, safe

environment for the products, easier to transport and availability in different kinds and sizes. The modification can be done easily according to requirements (raza, 2012).

The containers are equipped with IR devices which makes them easier to locate and identify as there are thousands of containers loaded in a single ship. The IR data can be controlled by computer which makes faster to locate the right container (DSA16).

### **3.2 Preference of containers**

There are several options to choose for import and export goods using containers. The most commonly used are LCL and FCL.

#### **3.2.1 Full container load (FCL)**

FCL refers to a single container transported by a shipper exclusively. This service is used by business that has enough cargo to fill up the whole container making it cost effective (2014).

FCL is cheaper than LCL per unit of freight. The reason is because freight agents prefer a full container rather than filling the container with different product by different clients. It turns out to be the best option for many businesses if the product or raw material is in big quantity. On the other hand it keeps the inventory high (kronitz, 2015).

Another advantage of full container load is the departure time is flexible and can be more carefully synchronized with the production timetable (Indo).

#### **3.2.2 Less than a container load (LCL)**

LCL refers to cargos filled by different clients in a single container, having benefit of shipping the cargo without paying the full freight of full container (2014). It is cost effective for smaller cargos which cannot utilize full container.

The abbreviation LCL formerly applied to “less than (railway) car load” for shipping material to multiple locations (raza, 2012).

With LCL shipment there is always a risk of damaging goods, as you have no control over the cargo loaded in the same container with your products for example loading heavy material, risk of damaging the product by other liquid products, smelly objects etc. in addition to that, the

multiple destination of the cargo increase the complexity and risk late delivery, misplaced or lost (kronitz, 2015).

There are advantage and disadvantages of using both FCL and LCL methods as shown in the table below.

**Table 1. Full container load (FCL)**

<b>Advantages</b>	<b>Disadvantages</b>
Cost effective on transporting more than 15 cubic meters	Expensive if shipped less than 15 cubic meters
Cheaper than air freight	Payment must be for the full container
Faster transit	
Secured and fewer risk of damage	
Shipments can be made anytime	

**Table 2. Less than a container load (LCL)**

<b>Advantages</b>	<b>Disadvantages</b>
Cost effective if the cargo is small	More expensive per cubic meter
Cost effective than air transportation although it takes longer time	Possible delays waiting for other shipments
	Risk of product damage

### **3.3 Inventory Management**

Inventories require to be maintained to take care of needs between the time of demand and time of supply. The objective of Inventory management involved decisions concerning to provide uninterrupted production, sales and customer-services at the minimum cost and since for many organizations inventory is the largest assets category, inventory problem can cause business failure (Waters, 2009).

Now the question is how much inventory should be in stock so that the demand can be fulfilled on time, and at the same time not losing the value of the stock. In my work experience I have come across such a situation if the stock is not carefully selected it can harm the profit of the company. In (Kokkolan Nahka) same situation had to be dealt with, if large stock was collected, then they have to deal with larger warehouse and keep the temperature constant throughout the year so they can make sure there is no harm to the skins from bacteria and if too little stock in warehouse then the demand cannot be fulfilled and there is a possibility to lose the customer.

### **3.4 Warehousing**

A warehouse is any location where stocks of material are held on their journey through supply chains. (Waters, 2009). Warehousing is concerned with management of space to hold inventories and it involve such issues as site selection, space determination, layout and design, receipts issues and storage and preservation.

Karabus and Croza say that a “product should never be warehoused or stored, but should be continually be in movement, with the least possible number of handling steps”. (Waters, 2009). From an organization point of view, the warehouse divided into two parts.

1. Those linked to upstream suppliers and dealing with the raw materials that are collected before operations
2. Those linked to downstream customers and dealing with finished goods during distribution to end customers. (Waters, 2009).

### **3.4.1 Activities of warehouse**

Warehouses are used not only for storing raw materials or ready products but receiving products from multiple suppliers examining the products, sortation of the product examining the product, labeling, and keep the product ready for either used as a raw material or supplied to the end customers. At the same time labeling the product, dispatching, loading and unloading to vehicles for deliveries. It is important to keep the documentation up to date to keep the productivity flow. Some of the activities of warehouse are mentioned below in details (Waters, 2009).

### **3.4.2 Raw material storage**

Purchasing the raw material in large quantities keep the cost of transportation lower, the purpose of the warehouse here is to divide raw material into small manageable quantities so it can be distributed without delay to different manufacturing departments where needed furthermore it can be transferred for labeling and packaging for deliveries to the customers (Weele, 2010).

### **3.4.3 Intermediate facilities**

These warehouses are popular among assembly departments where the ready parts are provided by different suppliers and assembled at one place, for example; car industries, motorcycles, electronics (Weele, 2010).

### **3.4.4 Ready product**

This kind of warehouse is used for storing finished goods and ready for the delivery whenever the demand is increasing and acts as a buffer stock. The benefit of such warehouses is the production line can be used to manufacturing other products (Weele, 2010).

### **3.4.5 Cross dock**

Cross docking helps to minimize the transit time. The finished or unfinished products come from different locations, the items are then labeled and then transported with the product that

shares the same destination. As a result the overall material handling is reduced and chances of product being damaged are less likely (Waters, 2009).

### **3.5 Material Handling**

Material handling is the movement, protection, storage and control of materials and products throughout manufacturing, warehousing, distribution, consumption and disposal. (2016).

Every time an item is moved it costs money, takes time, and gives a chance to damage it, so the efficient warehouse reduces the amount of movement and only makes the necessary movement if possible. A reasonable set of aims for material handling includes:

- Movements of material only if required
- By using proper machinery time length can be reduced
- Increasing storage density by reducing the amount of waste space
- Smoothing of materials flow.
- Selection of materials handling equipment.
- Maintenance of materials handling equipment (Waters, 2009).

### **3.6 Packaging**

It is concerned with design of packing of the product that ensures damage-free movement of the product and is conducive to efficient handling and storage. In packaging the products are assigned with the special number which helps to locate and identify the product easily. Many companies outsource their packaging as it involves a great amount of information which consumes more time and resources. Packaging also can serve as a marketing tool for many, as products can promote other products on the same package (Waters, 2009).

### **3.7 Acquisition**

It is concerned with sourcing, arranging and ordering of the product in order to make sure its availability at the right place, at the right moment and at the right time. Acquisition, however, does not include other purchasing activities such as price negotiation, vendor rating etc.

### **3.8 Product Scheduling**

Product scheduling is related with preparation of total quantities to be produced in accordance with demand, actual as well as projected. Product scheduling, in general it does not include day-to-day detailed scheduling carried out by production planner but if needed the schedule can be modified (Weele, 2010).

### **3.9 Information System**

Information system is an absolute necessity for the successful implementation of logistics function. Database on customer location, sales volume, stock levels, lead times etc. must be kept up to date (xaib).

#### **4 PAKISTAN FOOTBALL INDUSTRY**

The story started when a man named Syed Sahib repaired a punctured football for a British colonial officer in 18<sup>th</sup> century and later he started making his own footballs in the city of Sialkot (Kazim, 2016). The origin of football industry in Pakistan is as old as the country itself. Pakistan Football Federation (PFF) was founded in 1947 and PFF got its recognition from FIFA in 1948. In 2014 approximately 40 million footballs were exported from Pakistan, and this number reaches around 60 million during the world cup championship season. Around 70% of the hand stitched footballs globally, are manufactured in Pakistan (2016).

Pakistan's football industry grew exponentially during the 1982 FIFA world cup championship, when the football named "Tango ball" was used during the matches. Since then 99% of the footballs manufactured in Pakistan have been exported all over the world under the belt of major brands (2016).

Most of the football industries in Pakistan are located in the city of Sialkot, which hosts approximately 500 thousand people and more than 100 factories are producing footballs only in the city of Sialkot. At the moment Forward Sports Ltd is the biggest manufacturer of handmade footballs in Sialkot, which produces around 700 thousand footballs per month for global brands such as Adidas, Diadora and few others (Kazim, 2016). Since the rise in the popularity, Sialkot has its own dedicated ports, airport and custom clearance offices, which results in faster lead times and a fast link between buyers and the sellers. Since the manufacturers doesn't have to deliver their products to the port of Karachi, which is about 1400 km away from the city of Sialkot (2016).

## **5 Trade and export procedure of Pakistan**

Laws which are related to exchange of services or products involved in international trading including subsidies, taxes and other aspects of import and export regulations (2016). Every country has a certain form of trade policies in place in order to protect their local industries, these policies are formulated by public officials in order to carry out the international trading.

Trade policies are crucial in international trade in order to run the trade process more swiftly. This can be achieved by setting clear standards and goals, which can be understood by both trading parties. Things like import and export taxes, tariffs, inspection regulations, and quotas can all be part of a trade policy (Nouman Rafique, Muhammad Yousuf, Zubair Ali, Saqib Shahid, Moazzam Naveed, 2011). Some nations use trade policies as a barrier for the importers in order to protect and to push the local industries to produce more reliable products at a lower cost.

### **5.1 Export processing zones**

There are three major seaports in Pakistan:

1. Karachi port
2. Port Muhammad Bin Qasim
3. Gwadar port

The most important and busiest is the Karachi port, about 75% of national trade is delivered through there. The port has 30 dry cargo berths where two container terminals and three liquid cargo handling berths included. Port Qasim is 1<sup>st</sup> industrial sea port which is located 50 km from Karachi in Indus delta region, the port playing important role of uplifting the economy of the country. Gwadar port is a new project which is under construction and will share the load of Karachi port (Fazal-ul-rehman) (HTA16).

## 5.2 PAKISTAN EXPORT PROCEDURES

In the past it was necessary to register the firm for at least five years and a license should be obtained in order to carry out the business, but nowadays the registration is not required (Authority, 2005). The only important paper which needs to be obtained is National Tax Number Certificate (NTN), which can be obtained easily by offering the copy of National Identity Card (NIC) to the income tax office. It is not required to register with the Sales Tax Department in Pakistan, but it can be useful if one pays the taxes while buying the products from local sellers, so later they can apply for the tax deduction from the tax office (Mian, 2010).

A separate bank account would be required, which should be linked to the registered company. It is necessary to obtain the membership of chamber of commerce of Pakistan, but in case the firm holder doesn't want to have any association with the chamber of commerce, one can obtain any other trade association membership. When the products are delivered to the port there are number of documents needs to be presented to the custom clearance officer, in order to clear the consignment, these documents contain packing list, commercial invoice, letter of credit, certificate issued by the chamber of commerce and lastly the national tax number certificate (NTN).

Exporters are required to fill a State Bank form known as "E-Form" for all the products which are subjected to Foreign Exchange Regulations. It is obligated to declare all the products on E-form and then submit to the bank. Four copies should be made and should be signed by the exporter. After the forms have been cleared by the bank, they should be submitted to the custom authorities at the time of shipping of the products, along with the shipping bill. After the custom clearance, the papers should be re-submitted to the same bank that cleared the E-Form within the 14 days period. The bank will than keep the one copy and all the other copies would be returned to the exporter (Mian, 2010).

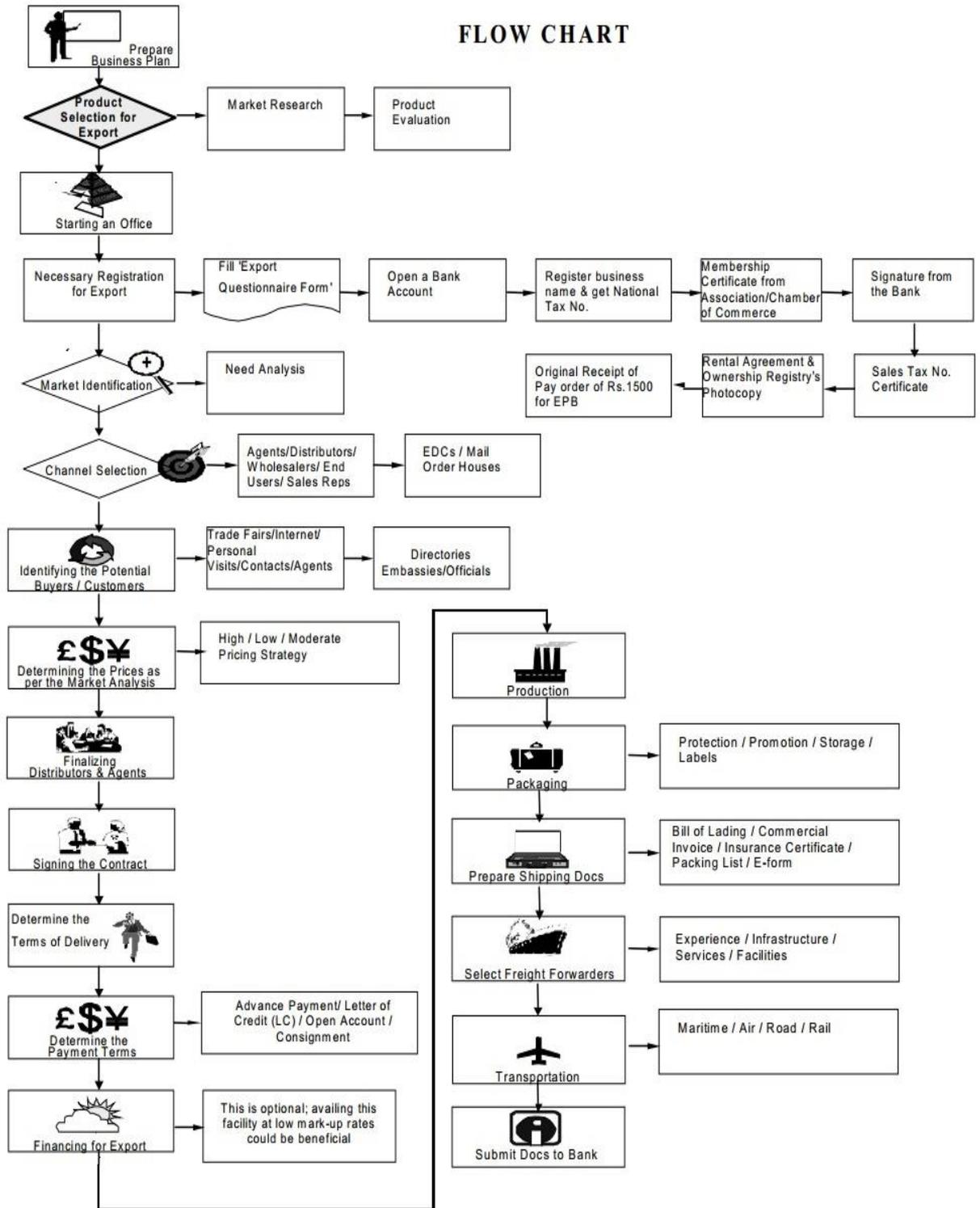


Figure 1 shows the flow chart of export procedure (policy, 2005).

The flow chart explains in detail which things should be considered in import and export business in Pakistan from selecting the product to the end customer. Exporting in general is not simply selling some product where you are face to face with the buyer, here it's not essential to fulfill the requirement of filling and exchanging documents with the other parties but when it comes to dealing with other countries where certain sets of rules have been developed between nations for centuries. The international trade is governed by rules made by World Trade Organization (WTO) (policy, 2005).

### **5.2.1 Selection of a product and market**

The first step in entering into export trade is to decide on the product you want to trade and gather knowledge about who your customers would be, what is the demand of the product you have choose, the sources of supply, market analysis, risks involved, procurement and shipment procedures. In the appendices the detailed information of trading countries with Pakistan is available (policy, 2005).

### **5.2.2 Quoting a price**

Before quoting a price the exporter should consider many things. For example, what price to charge for a product to remain competitive in the market. While calculating, there are many things which should be considered such as, packing, credits, agent commission, duties and taxes, marking charge, documentation fee, and insurance. For securing good price check the price of the same product you are planning to export (policy, 2005).

### **5.2.3 Terms of delivery**

Most entrepreneurs are not interested in taking charge of goods at the manufacturing country but to get FOB which means free on board at airport or sea. It means all the charges such as insurance, transportation are covered by the seller up to the shipping point. Terms of delivery are not only essential but it also make sure that who is responsible for goods if something goes wrong (policy, 2005).

## **6 IMPORT CUSTOM PROCEDURES IN FINLAND**

To start a business in Finland the first thing needed to be done is registering the company as well as getting the license for trading. The start-up notification forms have to be filled for this purpose in which name of the company, type of business, number of employees and Tax details are including. The forms include a basic section of Finnish patent and registration office (PRH) and Tax administration which is categorized by different kind of businesses (PRH16).

The information to the PRH and the Tax administration need to be provided when to start the business, changes if any are made and when to shut down the business. The information can be sent online in English, Finnish or Swedish (YTJ16).

### **6.1 Import Procedures**

A custom clearance document for imported goods is submitted on the SAD form (Single administrative document), to impose VAT. It is required to submit summary declarations electronically within the entire EU territory as of 1 July 2009 (san16).

As a major aspect of "SAFE" standards advocated by the World Customs Organization (WCO), the European Union has set up a new arrangements of import controls, the "Import Control System" (ICS), which plans to secure the stream of the product at the time of their entrance into the customs territory of the EU. This control system, part of the Community Program e-Customer, has been essential since January 1, 2011. From that point, the operators are obliged to pass an Entry Summary Declaration (ENS) to the customs of the country on entrance, prior to the introduction of products into the customs territory of the European Union (san16).

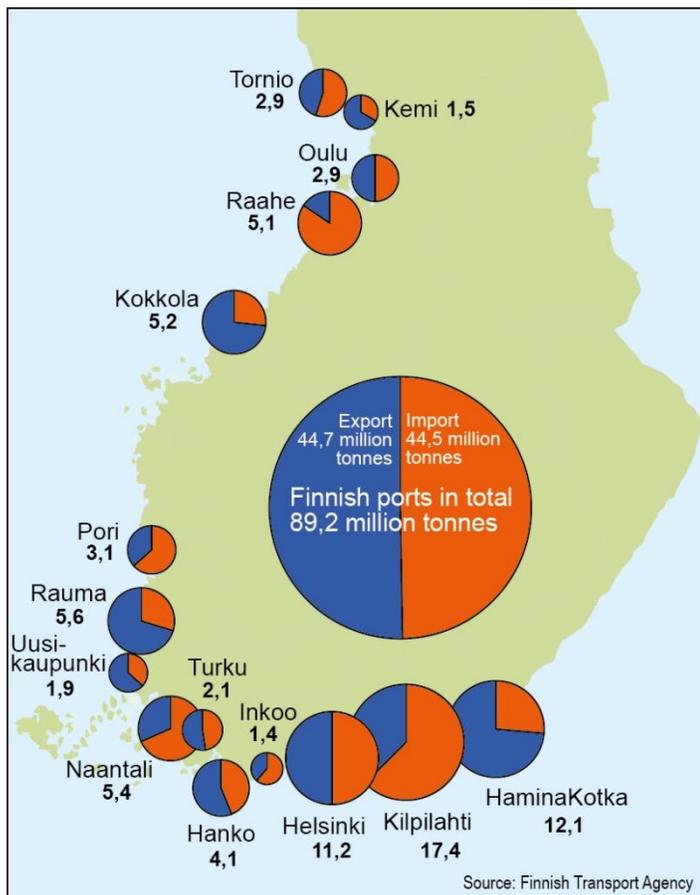
### **6.2 Specific Import Procedure**

The Åland is the region of Finland at the entrance of Gulf of Bothnia in the Baltic Sea which has different law and taxation rules on imports. The Finnish taxation system are not applied within Finland when delivering goods from the Åland Islands to mainland Finland, yet different taxation system is applied on import from outside the EU (san16).

### 6.3 Ports of Finland

Most of the trading nowadays is done through ships as there are no limits on weight and size of the cargo. The main advantage to use this transportation is its lower price which is lower than any other transportation use for trading purpose. But lower price comes with some of their drawbacks as well, not every port can handle multiple types of cargo, it consumes time, and change of transportation is essential from destination ports to deliver the product to end customers (Waters, 2009).

There are approximately 50 ports in Finland used for water transportation; about 80% of all unitized cargo is shipped through four biggest unitized cargo handling ports (ulk16).



**Fig 1: Freight transport in Finnish ports in 2015**

In 2011 the Hamina and Kotka ports were combined as one port which makes one of the four biggest trading ports among Kilpilahti, Helsinki.

For importing footballs I would prefer to choose the HaminaKotka port, the merging of these ports made them the largest in Finland and has a capacity of 1.5 million containers which are carried and moved with advanced machinery which reduces the time and provide safety to the goods. Within those warehouses, merchandise can be removed from containers and different actions can be performed such as labeling packaging etc. (ulk16).

There are over 100 logistics companies at Hamina-Kotka port and provide multiple services such as, customs, movements of goods, warehousing solutions etc. The main advantage to use that port is cost competitiveness due to the high competition and easier to choose the best logistical solution.

#### **6.4 Importing Samples**

May qualify for duty free entry if:

- If the value of the product is 6 euro or less than that.
- They are used just as a sample and not for sale of any kind.
- Not more than one sample of each style or quality in a shipment.
- If the goods are directly imported from abroad.
- They will be consumed during demonstration and are packaged and properly marked in a manner which prevent of being used only as samples, examples: foodstuffs, alcohol free beverages, fragrances and chemical products. (san16)

#### **6.5 Import duty & taxes when importing into Finland**

If goods arrive to Finland from outside of the European Union, they must be cleared at customs. Therefore the importer must submit an import declaration to the customs (tul16). If the total value of the item is 150€ or less, customs duties are not obligatory. However, this value duty is not applied on products such as, alcohol, tobacco products and perfumes (tul16).

Import obligation and taxes are expected when importing merchandise into Finland from outside of the EU whether by a private individual or a business element. Duties and taxes are calculated on the CIF value, i.e. the sum of the value of imported merchandise and the cost of logistics and insurances (pit16).

The duty rates applied to imports into Finland commonly goes between 0% (for instance books) and 17% (for example Wellington Boots). Few items, such as mobile phones, compact computers, Digital cameras and Video Game consoles, are duty free. Certain products might be liable to additional duties depending on the manufacturer country, for example Bicycles made in China carries an additional (anti-dumping) duty of 48.5% (pit16).

## **6.6 VAT Rates**

The standard VAT rate for importing merchandise into Finland is 24%, 14% applies to certain products like foodstuff, on the other hand products like books and magazines, periodicals have VAT of 10%. Some goods are exempt from VAT altogether, for example laptops and other electronic products if you are full time student. VAT is calculated on the value of the items, in addition to the international shipping costs and insurance, plus any import duty due (tul16).

## 7 CONCLUSION

My thesis is based on my business plan, and there is very good reason to write everything down in your plan so it gives the idea in which direction your business might go before investing the money. Many entrepreneurs made mistakes and think business is equal to money, but if you misunderstand the demand of your customers and not really sure what they really want will kick you out of the business very quickly. So before starting the business make sure to spend time on your customers and their needs and provide the products they are looking for, as happy customer means happy business.

In my research I have analyzed that before jumping into business and making some decisions and investing money without knowing what outcome would be, it is good idea to ask for some professional's advice and if there is an opportunity to learn in a field than one should spend some time to learn what is the difference between calculations on paper and in a real life environment.

### **SWOT Analysis of football import business**

SWOT analysis is a tool used to determine the internal factors of strengths and weaknesses and external factors of threats and opportunities to the business. Strength and weaknesses are internal factor because they are directly proportional to the action performed inside the business, for example, how well the quality issues are taking care, and how well the inventory is organized. By giving close attention to these internal factors the weaknesses can turn into strengths. In external factors (opportunities and threats) such as laws, global market, weather conditions, social situations can effect unwillingly (Berry).

	<b>Beneficial</b>	<b>Harmful</b>
<b>Internal</b>	<p><b>Strengths</b></p> <ul style="list-style-type: none"> <li>• Cheaper product than rivals</li> <li>• Potential of doubling the value</li> <li>• Fluent in English language</li> </ul>	<p><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>• Not fluent in Finnish language</li> <li>• Lack of resources</li> <li>• Limited budget</li> </ul>
<b>External</b>	<p><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>• No competition in local market</li> <li>• Growing sports among youngsters</li> </ul>	<p><b>Threats</b></p> <ul style="list-style-type: none"> <li>• Competition with huge brands (Nike, Adidas and Puma)</li> <li>• Visa issues</li> </ul>

**Table 3: SWOT analysis of football import business**

The elements mentioned above in the SWOT analysis appear to be beneficial for the business, nonetheless the internal factors always can be overcome with the practicing of the Finnish language and finding new resources for business.

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## APPENDICES

### Major Exports of Pakistan

Pakistan is the 70th largest export economy in the world and the 89th most complex economy according to the Economic Complexity Index (ECI). In 2013, Pakistan exported \$28.2B and imported \$44.8B, resulting in a negative trade balance of \$16.6B. In 2013 the GDP of Pakistan was \$232B and its GDP per capita was \$4.6k.

The top exports of Pakistan are:

House Linens	\$2.65B
Non-Retail Pure Cotton Yarn	\$2.39B
Rice	\$2.12B
Heavy Pure Woven Cotton	\$1.16B
Non-Knit Men's Suits	\$1.07B

As per revised HS (Harmonized System) of 1992 top imports are:

Refined Petroleum	\$8.69B
Crude Petroleum	\$4.98B
Palm Oil	\$1.83B
Scrap Vessels	\$859M
Raw Cotton	\$766M

The top export destinations of Pakistan are:

The United States	\$3.59B
China	\$3.16B
Afghanistan	\$2.32B
The United Arab Emirates	\$1.76B
Germany	\$1.42B

The top import origins are:

The United Arab Emirates	\$7.3B
China	\$7.26B
Saudi Arabia	\$3.75B
Kuwait	\$3.68B
India	\$2.01B

Pakistan Borders are:

Afghanistan

China

India

Iran by land

Oman by sea (2016)

**List of Pakistan Major exports are as follows:**

**EXPORT FROM PAKISTAN**

**SUMMARY OF MAJOR COMMODITIES**

**VALUE IN US\$ THOUSAND**

	SUMMARY	JULY-NOVEMBER		% CHANGE
		2015-16	2014-15	
	<b>Grand Total</b>	<b>8,523,906</b>	<b>9,909,382</b>	<b>(13.98)</b>
<b>A</b>	<b>Agro &amp; Food</b>	<b>1,344,247</b>	<b>1,468,591</b>	<b>(8.47)</b>
<b>B</b>	<b>Textile Group</b>	<b>4,104,623</b>	<b>4,560,771</b>	<b>(10.00)</b>
<b>C</b>	<b>Metal &amp; Minerals</b>	<b>109,548</b>	<b>429,759</b>	<b>(74.51)</b>
<b>D</b>	<b>Engineering Manufacturing Goods</b>	<b>941,214</b>	<b>1,094,091</b>	<b>(13.97)</b>
<b>E</b>	<b>Other Sectors</b>	<b>2,024,274</b>	<b>2,356,170</b>	<b>(14.09)</b>

<b>EXPORT FROM PAKISTAN</b>				
<b>SUMMARY OF MAJOR COMMODITIES</b>				
			<b>VALUE IN US\$ THOUSAND</b>	
	<b>MAJOR COMMODITIES</b>	<b>JULY-NOVEMBER</b>		<b>% change</b>
		<b>2015-16</b>	<b>2014-15</b>	
	<b>Agro &amp; Food</b>	<b>1,344,247</b>	<b>1,468,591</b>	<b>(8.47)</b>
1	RICE	688,321	738,612	(6.81)
	(I) RICE BASMATI	191,013	264,903	(27.89)
	(II) RICE OTHER VARIETIES	497,309	473,708	4.98
2	FISH AND FISH PREPARATIONS	132,776	148,373	(10.51)
3	MOLASSES	2,319	3,728	(37.80)
4	FRUITS & VEGETABLES INCL. JUICES	185,726	177,266	4.77
	(I) FRUITS	110,441	120,999	(8.73)
	(II) VEGETABLES	67,404	42,071	60.21
	(III) FRUIT & VEGETABLE JUICES	7,881	14,195	(44.48)
5	SPICES(INCL. CHILLIES)	27,268	23,096	18.06

6	FEEDING STUFF FOR ANIMALS	29,401	27,546	6.73
7	OIL SEEDS, NUTS AND KERNELS	9,764	22,506	(56.62)
8	CRUDE ANIMAL MATERIAL	10,647	16,476	(35.38)
9	CRUDE FERTILIZER	1,255	501	150.50
10	GUAR AND GUAR PRODUCTS	10,956	27,620	(60.33)
11	TOBACCO	3,727	6,412	(41.87)
	(I) UN-MANUFACTURED	3,146	5,634	(44.16)
	(II) MANUFACTURED EXCL.CIGARETTE	311	435	(28.51)
12	WHEAT	-	5	(100.00)
13	WHEAT FLOUR	133,708	104,359	28.12
14	LEGUMINOUS VEGETABLE	-	-	#DIV/0!
15	SUGAR REFINED	9,072	98,466	(90.79)
16	MUTTON	23,518	25,444	(7.57)
17	BEEF	75,789	48,181	57.30
	<b>Textile Group</b>	<b>4,104,623</b>	<b>4,560,771</b>	<b>(10.00)</b>
1	COTTON CLOTH	923,723	1,026,119	(9.98)
2	KNITWEAR	-	-	#DIV/0!
3	COTTON YARN	592,952	819,842	(27.67)
4	BED WEAR	843,166	905,486	(6.88)
5	READYMADE GARMENTS	846,784	818,549	3.45
6	TOWELS	340,146	315,849	7.69
7	ART SILK AND SYNTHETIC TEXTILES	123,512	158,124	(21.89)
8	TEXTILE MADE UPS (EXCL. TOWELS & BED WEAR	250,045	260,326	(3.95)
9	RAW COTTON	69,037	97,954	(29.52)
1	KNITTED OR CROCHETED FABRICS	18,776	14,429	30.13

0				
1				
1	COTTON WASTE	16,405	23,899	(31.36)
1				
2	YARN OTHER THAN COTTON YARN	15,821	20,408	(22.48)
1				
3	TENTS & OTHER CANVAS GOODS	32,276	66,222	(51.26)
1				
4	WASTE MATERIAL OF TEXTILE FIBERS/FABRICS	11,231	11,972	(6.19)
1				
5	TULE, LACE, EMBROIDERY ETC	5,712	5,978	(4.45)
1				
6	COTTON BAGS/SACKS	4,610	6,788	(32.09)
1				
7	TEXTILE FABRICS WOVEN(other than cotton & artificial fabrics)	3,504	1,307	168.09
1				
8	COTTON THREAD	6,290	6,793	(7.40)
1				
9	TEXTILE FOR MACHINERY	633	726	(12.81)
	<b>Metal &amp; Minerals</b>	<b>109,548</b>	<b>429,759</b>	<b>(74.51)</b>
		109,548	429,759	
1	PETROLEUM & PETROLEUM PRODUCTS	76,714	391,654	(80.41)
	I) PETROLEUM CRUDE	51,475	145,236	(64.56)
	II) PETROLEUM PRODUCTS	25,239	246,418	(89.76)
2	JEWELRY	2,842	3,123	(9.00)
3	MARBLES AND STONES	24,899	28,128	(11.48)
4	PIG IRON	-	62	(100.00)
5	ONYX MANUFACTURED	3,380	2,983	13.31
6	PRECIOUS/SEMI-PRECIOUS STONE	1,713	3,809	(55.03)
7	COKE	-	-	#DIV/0!

	<b>Engineering Manufacturing Goods</b>	<b>941,214</b>	<b>1,094,091</b>	<b>(13.97)</b>
1	CHEMICALS AND PHARMACEUTICAL PRODUCTS	348,446	406,341	(14.25)
	(I) PLASTIC MATERIALS	77,102	110,084	(29.96)
	(II) PHARMACEUTICAL PRODUCTS.	86,631	83,655	3.56
	(III) FERTILIZER MANUFACTURES	-	-	#DIV/0!
	(IV) OTHER CHEMICAL	184,713	212,602	(13.12)
2	RUBBER MANUFACTURES	5,050	4,988	1.24
3	PAPER AND PAPER BOARD	20,170	14,569	38.44
4	CUTLERY	32,942	35,375	(6.88)
5	MACHINERY & TRANSPORT EQUIPMENT	72,852	90,734	(19.71)
	(I) ELECTRIC FANS	8,197	11,273	(27.29)
	(II) TRANSPORT EQUIPMENT	5,401	3,276	64.87
	(III) OTHER ELECTRICAL MACHINERY	15,982	30,451	(47.52)
	(IV) MACHINERY SPECIALIZED FOR PART. IND.	13,933	10,826	28.70
	(V) AUTO PARTS	6,542	9,205	(28.93)
	(VI) OTHER MACHINERY	22,798	25,704	(11.31)
6	HOUSE-HOLD EQUIPMENT	13,093	15,252	(14.16)
7	SPORTS GOODS	125,232	127,169	(1.52)
	(I) FOOT BALLS COMPLETE	64,621	63,319	2.06
	(II) GLOVES (SPORTS)	39,606	37,519	5.56
	(III) OTHER (SPORTS)	21,006	26,331	(20.22)
8	CEMENT	147,548	229,784	(35.79)
9	SURGICAL GOODS	144,770	139,012	4.14
10	ARTICLES OF PLASTIC	29,012	24,493	18.45
11	FURNITURE	2,099	3,109	(32.49)
12	HANDICRAFTS	-	3,265	(100.00)
	<b>Other Sectors</b>	<b>2,024,274</b>	<b>2,356,170</b>	<b>(14.09)</b>

		2,024,274	2,356,170	
1	LEATHER	157,049	203,023	(22.64)
2	CARPETS,RUGS AND TAPESTRIES ETC	40,939	49,451	(17.21)
	(I) WOOLLEN CARPETS AND RUGS	39,448	48,234	(18.22)
	(II) WOOLLEN CARPET MACHINE MADE	182	50	264.00
	(III) TAPESTRY CLOTH	-	-	#DIV/0!
	(IV) CARPETS KNOTTED & OTHER FLOOR COVERINGS	1,310	1,167	12.25
3	RAW WOOL AND ANIMAL HAIR	3,260	4,356	(25.16)
	(I) RAW WOOL	1,720	1,344	27.98
	(II) ANIMAL HAIR	1,541	3,011	(48.82)
4	RAW HIDES AND SKINS	216	181	19.34
5	FOOTWEARS	39,711	52,356	(24.15)
	(I) LEATHER FOOTWEAR	31,873	45,515	(29.97)
	(II) CANVAS FOOTWEAR	325	68	377.94
	(III) OTHER FOOTWEAR	7,514	6,773	10.94
6	LEATHER MANUFACTURES(EXCL. LEATHER FOOTWEAR)	224,200	271,191	(17.33)
	(I) LEATHER GLOVES	82,413	96,486	(14.59)
	(II) APPAREL & CLOTHING	136,103	168,913	(19.42)
	(III) OTHER LEATHER MANUFACTURES	5,683	5,792	(1.88)
7	BOOKS AND PRINTED MATTERS	2,374	2,803	(15.31)
8	PARTS OF FOOTWEAR	476	609	(21.84)
9	OTHER ITEMS	1,556,049	1,772,200	(12.20)
		8,523,906	9,909,382	
	<b>Grand Total</b>	<b>8,523,906</b>	<b>9,909,382</b>	<b>(13.98)</b>
		-	-	

MAJOR IMPORTING COUNTRIES				
				VALUE IN '000.\$
COUNTRY BY COMMDITIES	JULY-NOVEMBER	CHANGE		JULY-

						NOVEMBER	
		2015-16	2014-15	VALUE	%	2015-16	2014-15
						% SHARE	
<b>GRAND TOTAL</b>		<b>8,523,906</b>	<b>9,909,382</b>	<b>(1,385,476)</b>	<b>(13.98)</b>	<b>100.00</b>	<b>100.00</b>
1	U.S.AMERICA	1,497,409	1,523,978	(26,569)	(1.74)	17.57	15.38
2	CHINA	751,562	944,045	(192,483)	(20.39)	8.82	9.53
3	UNITED KINGDOM	655,093	674,056	(18,963)	(2.81)	7.69	6.80
4	AFGHANISTAN	581,250	781,654	(200,404)	(25.64)	6.82	7.89
5	GERMANY	445,316	488,377	(43,061)	(8.82)	5.22	4.93
6	UNITED ARAB EMIRATES	342,173	493,809	(151,636)	(30.71)	4.01	4.98
7	SPAIN	303,068	318,095	(15,027)	(4.72)	3.56	3.21
8	BANGLADESH	296,281	291,873	4,408	1.51	3.48	2.95
9	NETHERLANDS	263,236	268,345	(5,109)	(1.90)	3.09	2.71
10	BELGIUM	238,782	258,938	(20,156)	(7.78)	2.80	2.61
11	ITALY	237,732	280,279	(42,547)	(15.18)	2.79	2.83
12	SAUDI ARABIA	166,045	184,735	(18,690)	(10.12)	1.95	1.86
13	FRANCE	138,248	170,891	(32,643)	(19.10)	1.62	1.72
14	INDIA	133,936	175,005	(41,069)	(23.47)	1.57	1.77
15	VIET NAM	120,529	117,235	3,294	2.81	1.41	1.18
16	KOREA, REPUBLIC OF			(44,424)	(27.90)	1.35	1.61

6		114,784	159,208		)		
1							
7	SRI LANKA	106,871	106,622	249	0.23	1.25	1.08
1					(18.71		
8	KENYA	100,671	123,841	(23,170)	)	1.18	1.25
1					(38.79		
9	TURKEY	89,536	146,284	(56,748)	)	1.05	1.48
2					(11.90		
0	CANADA	88,128	100,029	(11,901)	)	1.03	1.01
	<b>TOTAL ( 1 TO 20 )</b>				<b>(12.31</b>		
	<b>COUNTRIES</b>	<b>6,670,650</b>	<b>7,607,299</b>	<b>(936,649)</b>	<b>)</b>	<b>78.26</b>	<b>76.77</b>
2					(22.20		
1	SOUTH AFRICA	87,701	112,724	(25,023)	)	1.03	1.14
2					(32.48		
2	HONG KONG S.A.RE.CHI	83,282	123,352	(40,070)	)	0.98	1.24
2							
3	AUSTRALIA	79,083	67,441	11,642	17.26	0.93	0.68
2							
4	JAPAN	73,262	74,661	(1,399)	(1.87)	0.86	0.75
2							
5	PORTUGAL	64,993	62,513	2,480	3.97	0.76	0.63
2							
6	POLAND	63,625	60,549	3,076	5.08	0.75	0.61
2							
7	MALAYSIA	60,530	72,391	(11,861)	(16.38	0.71	0.73
2					)		
8	INDONESIA	59,889	64,053	(4,164)	(6.50)	0.70	0.65
2							
9	U.R.OF TANZANIA	54,875	45,091	9,784	21.70	0.64	0.46
3							
0	DENMARK	49,733	41,638	8,095	19.44	0.58	0.42
3							
1	EGYPT(U.A.R.)	47,567	59,152	(11,585)	(19.59	0.56	0.60
3					)		
2	SWEDEN	47,542	52,193	(4,651)	(8.91)	0.56	0.53

3					(68.79		
3	SINGAPORE	47,158	151,102	(103,944)	)	0.55	1.52
3					(36.78		
4	OMAN	42,476	67,185	(24,709)	)	0.50	0.68
3					(8.64		
5	THAILAND	41,038	44,921	(3,883)	)	0.48	0.45
3					(22.95		
6	MEXICO	40,688	52,805	(12,117)	)	0.48	0.53
3					1.20		
7	KUWAIT	38,470	38,012	458		0.45	0.38
3					8.13		
8	MADAGASCAR	35,835	33,141	2,694		0.42	0.33
3					(36.55		
9	RUSSIAN FEDERATION	34,536	54,428	(19,892)	)	0.41	0.55
4					4.37		
0	YEMEN	33,177	31,789	1,388		0.39	0.32
	<b>TOTAL NEXT TOP 20 COUNTRIES</b>	<b>1,085,460</b>	<b>1,309,141</b>	<b>(223,681)</b>	<b>(17.09)</b>	<b>12.73</b>	<b>13.21</b>
	<b>TOTAL 1 - 40 COUNTRIES</b>	<b>7,756,110</b>	<b>8,916,440</b>	<b>(1,160,330)</b>	<b>(13.01)</b>	<b>90.99</b>	<b>89.98</b>
	<b>OTHERS COUNTRIES</b>	<b>767,796</b>	<b>992,942</b>	<b>(225,146)</b>	<b>(22.67)</b>	<b>9.01</b>	<b>10.02</b>

(2016)