

Satakunnan ammattikorkeakoulu
Satakunta University of Applied Sciences

Heidi Hänninen

IMPORT PROCESS FROM ASIA
CASE: AFRODITE OY

International Business
Cross-Cultural business relations

2007

TUONTIPROSESSI AASIASTA, CASE:AFRODITE OY

Hänninen, Heidi

Satakunnan ammattikorkeakoulu

Kansainvälisen kaupan koulutusohjelma

Maaliskuu 2007

Vihakara, Anne

UDK: 339.5/9

Sivumäärä: 52

Avainsanat: tuonti, tullit

Opinnäytetyön tarkoituksena oli selvittää pienen Afrodite Oy:n mahdollisuuksia ja syitä aloittaa hius- ja kauneusalan tuotteiden maahantuonti Aasiasta. Tutkimuksesta muodostui tapauskohtainen tutkimus. Opinnäytetyö ei pohjaudu yksinomaan kirjallisuuteen, koska tapauskohtaiselle tutkimukselle on tyypillistä, että aineistoa kerätään itse tutkittavasta kohteesta, tässä tapauksessa Afroditesta. Tutkimuksessa käytettiin hyväksi Afroditen verkkosivuja, toimitusjohtaja Sirke Sunin tietotaitoa sekä tutkijan omia kokemuksia ja tietoja yrityksestä ja sen toiminnoista.

Mahdollisiksi tuontimaiksi valittiin Hong Kong, manner-Kiina ja Etelä-Korea. Maa-analyyseissä keskityttiin maiden kulttuurisiin, taloudellisiin, poliittisiin ja laillisiin ominaispiirteisiin. Maat valittiin potentiaalisten yhteistyö- mahdollisuuksien mukaan. Tutkittiin, minkälaisia tuotteita kukin maa tarjoaa, millä hinnalla ja millä ehdoilla. Havaitojen mukaan potentiaalisia yrityksiä on paljon ja tuotevalikoimat erittäin laajat. Hinnat todettiin erittäin alhaisiksi, tuotteen laadukkuuden siitä kärsimättä.

Suuri osa tutkimuksesta keskittyi tullimuodollisuuksien selvittämiseen. Eri mailla oli erilaiset tuontirajoitukset ja vaatimukset. Kiina oli ainoa näistä kolmesta maasta, jolla oli tuotteiden alkuperän takia tullietuus. Tuotaessa tavaraa Kiinasta tullia ei etuuskohteluun perustuen tarvitse maksaa. Arvonlisävero maksetaan aina. Muista maista tuodessa käydään läpi normaali tullidokumentointi.

Tutkimuksessa käytiin läpi myös tavarankuljetus Aasiasta Suomeen ja sen jakelu täällä. Huolitsijan valinta on tärkeää, sillä oikea valinta helpottaa kuljetusmuodollisuuksia merkittävästi. Afroditen ei tarvitse käyttää aikaa kuljetusten järjestämiseen, kun asiantunteva huolitsija on vastuussa niistä. Tuotteita markkinoidaan Suomessa aktiivisesti ja liisauksen mahdollisuus on otettu huomioon. Suomessa järjestetään messuja, joihin osallistuminen todettiin tutkimuksessa hyödylliseksi uusien asiakkaiden hankkimiseksi yritykselle.

Tutkimuksessa varmistuttiin siitä, että Afroditella on mahdollisuuksia tuoda tavaraa Aasiasta ja näin saada lisää rahallista pääomaa yritykselle. Aasian tuonti mahdollistaisi Afroditelle markkijohtajan paikan hius- ja kauneusalalla Suomessa.

IMPORT PROCESS FROM ASIA, CASE:AFRODITE OY

Hänninen, Heidi
Satakunta University of Applied Sciences
Degree programme in International Business
March 2007
Vihakara, Anne
UDC: 339.5/9
Pages: 52
Keywords: import, customs

The purpose of the thesis was to find out the possibilities and reasons for a small enterprise Afrodite to start importing hair and beauty products from Asia. The study was a case study research. The study was not completely based on literature since the typical method for gathering information on the case study subject is studying the subject it self. The website of Afrodite, the expertise of the CEO Sirke Suni and the researcher's experiences and knowledge of the company were exploited in the study.

For possible import countries were chosen Hong Kong, China and South Korea. In the country analyses, the focus was on cultural, economic, political and legal differences and similarities between Finland and these countries. The countries were chosen according to potential co-operation possibilities. It was studied what kind of products each of these countries had to offer, at what price and on what terms. It was found out that there were a lot of potential companies and their selection of products were very extent. Prices were proved to be extremely low with out affecting the quality of the product.

A big part of the study focused on the customs formalities. Different countries have different restrictions and demands. China is the only one out of these three that gets preferential treatment based on the origin of the product. When Afrodite is importing goods from China, it does not have to pay duties based on the Generalized System of Preferences GSP. Value added taxes have to be paid always. Normal customs documentation procedure is applied when bringing goods from other countries.

Transportation of the goods from Asia to Finland and distributing them here were also covered in the study. The selection of a forwarder is important, it will help the handling of the transportation formalities immensely. Afrodite does not have to spend time on arranging the transportations when a good forwarder is in charge of them. Goods in Finland will be marketed actively and the possibility of leasing has been acknowledged. There are trade fairs in Finland in which it was found useful to participate. Trade fairs would be a great way to acquire new customers for Afrodite.

The study confirmed that Afrodite has possibilities in importing goods from Asia and this way getting more capital for the company. Importing from Asia would enable Afrodite to become the market leader in hair and beauty business in Finland.

FOREWORD

I would like to thank Sirke Suni the CEO of Afrodite for offering me a great practical training position and after that a part time job. Working in Afrodites' motivating and exciting environment gave me an inspiration for this thesis. Afrodite has a lot of experience in importing from Europe and the idea of importing from Asia originated from a Trade fair held in Hong Kong. Sirke Suni started thinking the possibility of expanding the import area to Asia. I decided to do my thesis based on that.

She has been a great support in completing this thesis. She has innovative ideas of what to import and I have taken them into consideration and I have planned the whole process of choosing the companies, asking information from them and then planning how to get the goods to Finland and on to our customers.

I would like to thank the other employees of Afrodite. They are Miia Stenvall, Anna Wallenius, Marjut Leppäniemi and Anneli Nurmi. They have been very patient when I have been dealing with the Asian companies, e-mailing with them and finding information about them. This has taken a lot of my time away from the everyday routines. They understand that even though Asian business is not happening right now, the time that I use for it now might pay off later.

I would also like to thank my supervising teacher Anne Vihakara. She gave me unbelievable good and useful comments about my work during the whole process. She offered me help through out the study.

TABLE OF CONTENTS

TIIVISTELMÄ

ABSTRACT

FOREWORD

1 INTRODUCTION.....	7
1.1 Background of the Thesis	7
1.2 Research Method and Research Problem.....	8
1.2.1 Case Study Research	8
1.2.2 Company Analysis of Afrodite.....	10
1.2.3 Research Problem.....	11
2 BUYING FROM A NEW MARKET	12
2.1 How to Start	12
2.2 Value Chain.....	15
2.3 Hong Kong.....	16
2.3.1 Economic Environment of Hong Kong.....	16
2.3.2 Cultural Environment of Hong Kong.....	16
2.3.3 Political Environment of Hong Kong.....	17
2.4 People's Republic of China.....	18
2.4.1 Economic Environment of People's Republic of China	18
2.4.2 Cultural Environment of People's Republic of China.....	19
2.4.3 Political Environment of People's Republic of China	20
2.4.4 Legal Environment of People's Republic of China.....	21
2.5 South Korea.....	21
2.5.1 Economic Environment of South Korea	21
2.5.2 Cultural Environment of South Korea.....	22
2.5.3 Political Environment of South Korea	23
2.5.4 Legal Environment of South Korea.....	23
2.6 Cultural Differences between Finland and Asian Countries.....	23
2.7 Company Analysis of the Seller.....	24
2.7.1 Product Analysis.....	25
2.7.2 Minimum Order Quantity (MOQ).....	26
3 CUSTOMS FORMALITIES	27
3.1 General Information	27
3.2 Required Documents.....	28
3.2.1 Commercial Invoice and Proforma Invoice	29
3.2.2 Single Administrative Document (SAD)	30
3.2.3 Documents for Duty Allowances	30
3.2.4 Tariffs	32
4 DELIVERY AND PAYMENT.....	34
4.1 Transportation Documents	34
4.2 Forwarder and transportation	35
4.2.1 Finding a forwarder	35
4.2.2 Forwarders responsibilities.....	36
4.3 Terms of Delivery	37
4.3.1 Free on board (FOB)	38
4.3.2 Ex- works (EXW).....	38

4.3.3	Delivered duty paid (DDP).....	38
4.4	Terms of Payment	40
4.4.1	Cash in Advance and Cash Against Documents	40
4.4.2	Documentary Credit (D/C).....	40
5	MARKETING THE NEW PRODUCTS IN FINLAND	41
5.1	Marketing	41
5.2	Leasing new products.....	41
6	CONCLUSIONS.....	43

REFERENCES

APPENDICES

1 INTRODUCTION

1.1 Background of the Thesis

Hair-, Beauty-, and Physio-Wholesale company Afrodite was chosen as the case company. I did my practical training there and the company seemed very interesting. My practical training took five months and during that time, the company kind of sucked me in. The whole business concept is very entreating, I want to learn more about that, and if possible, I would like to give my contribution to enhance it one way or another. After learning the basics of the company, one of my tasks was to handle the correspondence with the foreign partners. I found it very interesting to keep in touch with other people whose work includes international business operations. I want to concentrate on importing because it has so many interesting things to offer, such as information about new countries and interesting products. The actual business transaction process is also interesting, it includes for example making deals of prices and transportation.

Market research is vital before starting any international operations. In exporting, it is thought to be the number one thing but it has been considered less important when starting an import process. Understanding the differences in cultural, legal political and economic environment is essential. One has to be able to understand the people they do business with. Reliable and valid information should be found about the new country. Importer needs information also about needed documents, funding, money transfers and about other practical procedures.

There is also another reason why importing seems to have less value. This is the mercantilist orientation to foreign trade, which means that it is believed that only exporting brings incomes to the national economy and importing is just a waste of resources. The modern economic theory says that exporting enables the importing of goods that are valuable, affordable and necessary to balance the wellbeing of the national economy. This would actually mean that exporting is only necessary

for enabling to pay for the import. In a way it could be said that both are equally important in keeping the Finnish economy in balance. (Tuontio 2002, 7)

1.2 Research Method and Research Problem

1.2.1 Case Study Research

Case studies are about detailed contextual analysis of a limited number of events or conditions and their relationships. History shows that at times case study research was very commonly used and then there were times when it was completely forgotten. The earliest use of this form of research can be tracked to Europe. The methodology in the United States was most closely related with The University of Chicago Department of Sociology. From the early 1900's until 1935, The Chicago School was the finest in the field and the source of a great deal of the literature. (The case study as a research method, Introduction to case study by Winston Tellis)

Case study includes three qualitative methods: describing, understanding, and explaining. According to Yin the body of literature in case study research is "primitive and limited" (The case study as a research method)

Case studies can be single or multiple-case designs, where a multiple design must follow an imitation rather than a logical example. When there is only one case involved the researcher is limited to single-case designs. Yin pointed out that generalization of results, from either single or multiple designs, is based on theory and not to populations. (Introduction to case study by Winston Tellis)

There are several examples of the use of case methodology in the literature. Yin gave several examples along with the suitable research design in every case. There were suggestions for a general approach to designing case studies, and recommendations for exploratory, explanatory, and descriptive case studies. Each of those three approaches can be either single or multiple-case studies.

(Introduction to case study by Winston Tellis)

In exploratory case studies, fieldwork, and data collection may be undertaken before defining the research questions and assumptions. This type of study has been considered as an introduction to some social research. However, the framework of the study must be created ahead of time. Pilot projects are very practical in determining the final protocols that will be used. Survey questions may be added based on the outcome of the pilot study. It is said that the selection offers the opportunity to maximize what can be learned, knowing the time limit. Hence, the cases that are selected should be easy and enthusiastic subjects. A good active case does not have to defend its typicality. Yin recommended the use of case-study protocol as part of a carefully designed research project that would include the following parts:

- general idea of the project (what are the objectives and case study issues)
- Field actions (certificates and access to sites)
- Questions (questions that the investigator must keep in mind during data collection)
- Guide for the report (outline, format for the narrative)

(Introduction to case study by Winston Tellis)

Yin identified at least six sources for making a case study.

- Archival records
- Interviews
- Direct observation
- Participant-observation
- Physical artifacts

(Introduction to case study by Winston Tellis)

Study will be based on a case company Afrodite Oy. Opinions of the CEO of Afrodite will be included. I also have some contacts to Asian companies and will ask what their take is on this matter. The aim is to find out how Asian people feel about exporting to Finland.

Information found should be both valid and reliable. Validity determines whether the research truly measures what it was planned to measure or how truthful the research results are. In other words, does the research instrument allow you to measure the target of your research object? Researchers usually determine validity by asking a series of questions, and will often look for the answers in the research of others. (Validity; Wikipedia, Market research: benefits)

In research, the term reliability means "repeatability" or "consistency". A measure is considered reliable if it would give us the same result over and over again. Reliable information can be found in the internet, but one has to be able to find the reliable web pages. Web pages that are held by well-known authorities can be considered to be reliable. (Validity;Wikipedia)

1.2.2 Company Analysis of Afrodite

Afrodite is a wholesale company in Pori. Afrodite imports, markets and sells hairdresser goods, supplies and equipment to hair salons all over Finland. Afrodite was established in 1991. At the time, the company employed the entrepreneur herself. During that time side business name Physio supply began its operation. From every year on the company has steadily grown and expanded its selection of products. In 2003, the company had grown so much that the company form had to be changed to limited company. The name of the company was then changed to Hair-, Beauty-, and Physio-Wholesale Afrodite Oy. Today the company has six employees including myself. I was hired there after my practical training and now I work there part time. (Afrodite, 2006)

Afrodite is a well-known company among all of the hairdressers in Finland. Many people, who work in the massage and physiotherapy industry, also buy products from Afrodite. Afrodite also arranges a variety of educational events of which the most popular ones are the hair extension training days held by Jari Lakka. Afrodite enjoys a good reputation here in Finland. In October 2005 and again in October 2006 Afrodite received the great honour of belonging to the most creditworthy

companies in Finland. Only 3,46 % of Finnish companies that practice normal business operations belong to this highest AAA-rating. (Afrodite, 2006)

Offer leaflets, which are sent out six times a year, play an important role in Afrodites marketing strategy. The offers are mailed to all hairdresser salons in Finland. There are more than 8000 of them. The leaflet consists of the latest innovations, favourites and products for professional use. There is a clear spike in sales after the leaflets have been sent. Internet sales have also grown its popularity enormously during the past year, which is no surprise since the web pages always contain great special offers. At the moment Afrodite is strongly expanding sales in the field of cosmetology. (Afrodite, 2006)

Importing is essential for Afrodite. Products that are sold in Afrodite are much cheaper abroad than they would be here in Finland. Some products are simply not available here in Finland so they must be imported. Afrodite sells some Finnish products but the goal is to import everything. Importing everything would enable Afrodite to offer more affordable prices and more variety. A foreign product can replace almost everything. Afrodite has a good image here in Finland and importing from China will add a boost to the versatility of Afrodite. Afrodite will be able to sell unique and special products to the customers. A good logo and professional looking web site is good to have too. (Afrodite, 2006)

1.2.3 Research Problem

Afrodite has sole sales rights to several Spanish and Italian brands, but it has become more and more difficult to find product lines that do not already have representation in Finland. Until now, goods have been exported mostly from Europe, especially from Spain, Italy and Germany. The plan now is to enter a completely new and different type of supply area, Asia. Afrodite has one connection to Asia, a company that makes wigs in Indonesia. The idea is to expand the import process, since imports from Indonesia were just experimental. Two deliveries have been received from there so far.

Asia is such a vast area that entry requires a thorough country analysis. The study concentrates on the People's Republic of China, Hong Kong and South Korea; How to find suitable companies in Asia? What kind of customs formalities there are? What kind of products are good for the Finnish market? Economic, cultural, political and legal environments of each country will be studied.

Objective is to clarify what it takes for a small company to import from Asia. Main focus will be on finding good companies, how to get the new products to Finland (customs and transportation) and also how to market and distribute vast amounts of goods. The whole process will be gone through even though Afrodite already imports goods. There are several differences in importing from Asia when compared to importing from Europe, one is that the distance from where the goods have to be transported to Finland is far greater than ever before. Customs formalities are different. There will be new kinds of products in large quantities. The methods that Afrodite uses now to sell and distribute goods do not apply here. New possibilities of selling and leasing the goods will be also sought after.

2 BUYING FROM A NEW MARKET

2.1 How to Start

First thing to do is to conduct a market research. Market research is part of strategic planning since the results give an idea whether that particular market is suitable for the needs of the company in question. Market research is a systematic, on-going objective collection and analysis of data about the new market. It helps the company to minimize risks, identify opportunities, discover potential problems and helps the company to evaluate the success. A thorough cultural and economic analysis should be made. The one who is gathering the information should be able to understand the meaning of the cultural information. There might be cultural differences that are too big to overlook and they might cause problems

later on. General cultural elements are social structure, language and communication, religion, values and attitudes. Differences in individual cultural and business behaviour are social environment, power orientation, uncertainty orientation, goal orientation and time orientation. (Cateora 1996, 615, Griffin & Pustay 1998, 324)

Here are few examples where reliable information can be found:

- Tilastokeskus, www.stat.fi
- FINTRA- Kansainvälisen kaupan koulutuskeskus, www.fintra.fi
- Tullihallitus, www.tulli.fi
- Finpro, www.finpro.fi

(Tuontioapas 2002, 11-14)

Importing is part of the company's acquisition process. Acquisitions can be dealt with many ways, but there are some aspects, that always have to be considered.

- Finding the acquisition sources
- Requests for quotation
- Making the contracts and placing orders
- Making contracts for transportation and forwarding
- Supervision of the delivery times
- Customs formalities
- Accepting and inspecting the goods
- Handling of the invoices and reclamations
- Storage and balancing the stock

Afrodite has chosen to investigate the possibility to import hairdresser goods from People's Republic of China, Hong Kong and South Korea. More specifically the products are wigs, barber chairs, massage tables and make-up brushes. PRC and Hong Kong have vast possibilities when it comes to wigs and furniture. South Korea has a lot to offer in the field of make-up brushes and other related products. Afrodite already imports these products from Europe, but as it has come

to our knowledge that some of the products that Afrodite buys are of Asian origin. It was decided to form a straight connection to Asia and import the goods directly from there. The first and easiest step is to find out about the companies that manufacture these goods in Hong Kong. The CEO Sirke Suni visited a big trade fair in Hong Kong in December 2006. It is an annual event. Afrodite visited the trade fair for the first time. Sirke Suni was invited there by many of Afrodite's current business partners. Trade fair was an excellent opportunity to meet the already existing partners and to see their latest innovations as well as meet new possible partners.

Big European and Asian companies were represented there, so it was an ideal place to make new contacts. This is the best way to see the sellers and their products. There are usually hundreds of different companies in these kinds of fairs so it is impossible to see them all. Sirke Suni planned who she wanted to meet and why. She made some appointments with some European distributors. It is good to meet the people you do business with face to face at some point. When the tickets were bought to the fair, she received a list of the companies that are going to be there and she got a map of the fair area. She concentrated on the companies that could offer what Afrodite needs.

One can find out a lot about the company just by looking at the display of the exhibitor. The stand and the atmosphere should be appealing, the products should look like they are of high quality and elegant. She collected as much information about the companies as she could. Even companies that right now do not seem to be all that interesting when it comes to their products, should be considered since one never knows what lies in the future.

She was there with her husband Arto Suni and all of the exhibitors assumed that the husband was the CEO of the company. It was a bit of a shock for the Asian people that the woman was the CEO. They all tried to approach Mr. Suni but he kindly explained that Mrs. Suni was in charge and pointed them towards her. They made some good contacts and found many interesting products. They collected leaflets and brochures. They handed out business cards and after two weeks, we started to receive e-mails from the exhibitors who seem to be interested in doing business with Afrodite.

2.2 Value Chain

Acquisitions, research and development, production, transportation and sales should not be dealt as separate operations. In a successful company, all of these operations are connected and therefore the whole purchasing process should be integrated. Vital aspects such as quality, cost efficiency, customer service and customer orientated call for the integrated acquisition process. (Tuontiopas 2002, 8)

Acquisitions, marketing and distributing the goods is the logistic process. Along with the logistic, the emphasis will be on information, equity management and co-operation with the interest groups. Value chain based thinking will enhance profits by getting more benefits and value on customer service. Choosing the best supplier enables the best possible product for the customer. (Tuontiopas 2002, 9)

The power that starts the value chain thinking is the customer. Customers' needs should be acknowledged at all times. What the customer wants, he should get. The company's responsibility is to make that happen with reasonable costs. The company must know its' abilities and the frames where it can work in. (Tuontiopas 2002, 9)

Asian products are very cheap but that does not necessary guarantee massive profits. The order quantities are big so the demand in the Finnish market must in proportion to that. The risk of the goods staying in the stock for an excessively long time should be avoided. Goods that stay in stock tie capital and cause additional costs. Afrodite should have buyers for the goods already when they are ordered. It is important to now before hand that the new products can be sold here in Finland, therefore they should be marketed in advance. Products should be unique but not too different from what there already is in the market. The products should be easily approachable for the potential customer.

2.3 Hong Kong

The whole Asia would be too big of an area to import from. There will be some general information about Hong Kong, China and Korea. There will also be information about economic, cultural, political and legal environments in each country.

2.3.1 Economic Environment of Hong Kong

Hong Kong is China's richest region, has one of the world's most liberal economies and is a major international centre of finance and trade. Hong Kong is an immensely rich city with a GDP per capita rivalling Western nations. The GDP of Hong Kong is HKD 284,743 which is about US\$ 37,400. Main export partners are China 45%, US 16.1%, Japan 5.3% (2005). The population of Hong Kong increased markedly during the 1990s, reaching 6.86 million in 2005. About 96% of Hong Kong's population are of Chinese descent, the majority of which are Cantonese. Population is continuously growing due to immigration of approximately 45,000 per year from mainland China. Tax rates are relatively low in Hong Kong. The forever-changing laws and the protocol about accounting and auditing can make it hard to find proper information about the companies. (Hong Kong, Wikipedia, Economy Hong Kong) The four economic corner stones of Hong Kong are: trade and logistics (27.6% of GDP in terms of value added in 2004), tourism (2.9%), financial services (12.2%), and professional services and other producer services (10.5%). (Economic & Trade Information on Hong Kong)

2.3.2 Cultural Environment of Hong Kong

Hong Kong is a place where East meets West. People in Finland as well as people in Hong Kong enjoy shopping, nightlife, and dining. Hong Kong has a lot offer for shoppers. Latest European fashion is cheap there and even cheaper replicas are also in the market. Old-fashioned stores that sell Chinese herbal medicine can be found in every district. The biggest problem for shoppers is to find the right stores

in this extremely polluted city. They can be far a part and one will need an interpreter in a taxi when moving around the city. The language barrier is not a problem, since most of the people in Hong Kong speak English. This helps a lot with the business actions. It is easier to make contracts and to go over the general details if both parts speak the same language. (Hong Kong:maaprofiili 2006, Suunnitelmallisuutta kansainvälistymiseen 1/2006)

Despite its population density, Hong Kong is said to be one of the greenest cities in Asia. Hong Kong is as of 2006 the fourth most expensive city in the world to live in. The majority of people live in flats in high-rise buildings. The rest of the open spaces are mostly parks and forests. Hong Kong is known as the centre of trade, however the most famous export 'products' are probably the martial arts stars Bruce Lee and Jackie Chan (Hong Kong, Wikipedia)

Most people in Hong Kong take feng shui very seriously. Feng shui is an ancient Chinese way of designing the cities, architecture and interior design. It is based on Chi- life energy. Living environment is designed to induce mental and physical well-being. There are professional feng shui instructors who help people design their houses and offices accordingly. Some people think feng shui to be magical. Houses should not have windows in order to keep Chi inside and mirrors made of pieces is said to break the whole picture of a person. (Feng Shui)

2.3.3 Political Environment of Hong Kong

The head of state is Donald Tsang. Tsang was nominated to his temporary position in 12.3.2005 after Tung Chee-hwa announced his resignation. The biggest parties are Democratic Party, Democratic Alliance for the Betterment of Hong Kong and the liberal party, which is for the benefits of business life. Next parliamentary election will in 2008. (Hong Kong:maaprofiili 2006)

China leased Hong Kong to Great Britain in 1842 after the opium war. The Hong Kong handover ended in 1.7.1997 after a 99-year long lease ended. Today Hong Kong shares a border with China but is an independent state and their independ-

ence day is 1.7. (Hong Kong:maaprofiili 2006). Hong Kong is one the two special administrative regions (SARs) of the People's Republic of China. Hong Kong will have an autonomic status at least until year 2047. Hong Kong has its own legal system, police force, monetary system, customs policy, immigration policy whilst the Central People's Government handles the territory's defence and foreign affairs. (Hong Kong, Wikipedia)

2.4 People's Republic of China

2.4.1 Economic Environment of People's Republic of China

In 2005, the volume of Chinese exports ranked third in the world, making up 7.3 per cent of the world's total volume. The sheer size of the area is an opportunity. Low import prices of People's Republic of China creates opportunities for Afrodite. Afrodite is able to buy more goods and that way increase revenues.

(Economy of the People's Republic of China; Wikipedia)

The economy of the People's Republic of China is the fourth largest in the world when measured by nominal GDP. Its per capita GDP in 2005 was approximately USD 1,709, still low by world standards, but rising rapidly. The economic growth is generally more rapid on the coastal provinces than in inland provinces. As of 2005, 70% of China's GDP is in the private sector. The smaller public sector is dominated by about 200 large state enterprises concentrated mostly in utilities, heavy industries, and energy resources. The government has emphasized raising personal income and consumption and introducing new management systems to help increase productivity. The government also has focused on foreign trade as a major vehicle for economic growth. (Economy of the People's Republic of China; Wikipedia)

China's global trade exceeded USD 1.758 trillion at the end of 2006. It first broke the 1 trillion mark in 2004, more than doubling from 2001. At the end of 2004, China became the world's third largest trading nation behind the United States and

Germany. The trade surplus however was stable at USD 30 billion. China's primary trading partners include Japan, U.S., South Korea, Germany, Singapore, Malaysia, Russia, and the Netherlands. (Economy of the People's Republic of China; Wikipedia)

2.4.2 Cultural Environment of People's Republic of China

The culture of China is the result of over 5,000 years of artistic, philosophical, political, and scientific development. Though regional differences offer a sense of variety, similarities in language and religion connect a culture famous by such contributions as Confucianism and Taoism. Confucianism was the official philosophy throughout most of Imperial China's history, and traditional Chinese culture is strongly influenced by it. The Culture of the People's Republic of China is a mixture of traditional Chinese culture with communist influences, and lately, Western consumer culture. (Culture of People's republic of China; Wikipedia)

Cultural Revolution began in 1966, due to this all forms of traditional cultures, both Chinese or Western, were buried. The Red Guards attacked temples and churches; Confucian morality was frowned upon; and a cult of personality surrounding Chairman Mao Zedong was actively forced. The Quotations from Chairman Mao Zedong achieved sancticity comparable to a holy text as part of Maoism, or "thoughts of Mao Zedong", which became the national ideology. Simplified Chinese ideograms were also officially introduced at the time, though many such simplified characters have existed for hundreds of years. (Culture of People's republic of China; Wikipedia)

Most languages in China belong to the Sino-Tibetan language family, spoken by 29 ethnicities. There are also several major "dialects" within the Chinese language itself. The most spoken dialects are Mandarin (spoken by over 70% of the population), Wu, Yue (Cantonese), Min, Xiang, Gan, and Hakka. Non-Sinitic languages spoken widely by ethnic minorities include Zhuang (Thai), Mongolian, Tibetan, Uyghur (Turkic), Hmong and Korg. They have to be able to speak English in or-

der to do business with the western world. E-mailing and writing up documents are done in English. (Culture of People's republic of China; Wikipedia)

China's overall population is more than 1.3 billion (2006), about one-fifth of the world's population, making it the most populous nation. The one child policy has an affect on the demographs, China is now one of the fastest aging countries in the world. (Economy China) While over a hundred ethnic groups have existed in China, the government of the People's Republic of China officially recognizes a total of 56. The largest ethnic group in People's Republic of China is the Han. (Kiinan maaraportti 2006)

2.4.3 Political Environment of People's Republic of China

Today, the Republic of China continues to exist on Taiwan, while the People's Republic of China controls the Chinese mainland. The PRC continues to be dominated by the Communist Party, but the ROC has moved towards democracy. Both states are still officially claiming to be the sole legitimate ruler of all of "China". The ROC had more international support immediately after 1949, but most international diplomatic recognitions have shifted to the PRC. The ROC representative to the United Nations was replaced by the PRC representative in 1971. (Kiinan maaraportti 2006)

The head of state is President Hu Jintao. He was elected by the parliament in 2003. He was nominated as the chairman of the communistic party in 2002. Wen Jiabao is the prime minister, he was elected in 2003. The next presidential and parliamentary elections are in 2008. There are 23 provinces, five cities that are under the central government and five autonomist areas. (Kiinan maaraportti 2006)

2.4.4 Legal Environment of People's Republic of China

Efforts to modernize the legal system were started by the Qing Empire in the very early part of the twentieth century. It became clear that some aspects of the legal system, such as the severity of criminal procedure and the lack of commercial law rendered China's law primitive in comparison to legal systems of other nations. One initiative started in 1904 was the creation of a Law Reform Bureau in 1904, instilled with the task of translating foreign codes and drafting new laws. Another move in the modernization direction was the spreading of an Imperial Constitutional Outline in 1908. Qing Empire was overthrown before any of the new laws passed. Nevertheless, the following governments made some laws that were partially based on the draft laws of the Qing reform movement. (A brief introduction to the legal system of China 2002) The living standards have improved very much and people feel more free to make their own decisions, however the political controls are still tight. (Introduction China)

The Communist Party of China (CPC) was established July 1, 1921. Soon after the CPC was founded, a politically chaotic period referred to as the "New Democratic Revolution" won three important struggles that the CPC got involved in. Included in this period were the Second Revolutionary Civil War (1927-37), the War of Resistance against Japan (1937-45), and the Third Revolutionary Civil War (1945-49). In 1949, the CPC founded the People's Republic of China (PRC). (A brief introduction to the legal system of China, 2002)

2.5 South Korea

2.5.1 Economic Environment of South Korea

Korea is located on the Korean Peninsula in North-East Asia. Two countries and three seas surround it. Korea has been divided in two from the end of 1940s. North Korea is an independent communist state, which is completely outside of the capitalist system. South Korea on the other hand is a developed economic

state. It is very unlikely that the states would emerge any time soon since the political and economic situations are totally different in South and in North. (South Korea;Wikipedia)

South Korean economy has developed rapidly since the 1950s and is now the 11th largest economy in the world. Technology is very advanced in South Korea and digital connections are in the top ten of the world. It has the fourth highest broadband Internet connections per capita among OECD (Organization for Economic Cooperation and Development) countries and is a global leader in electronics, digital displays, shipbuilding and mobile phones. South Korea's largest trading partner and export market today is China. It is one of the East Asian Tigers along with Hong Kong, Taiwan, Singapore, and it has achieved rapid economic growth through exports of manufactured goods. Moderate inflation, low unemployment, an export surplus, and fairly equal distribution of income are typical for this economy. (South Korea;Wikipedia)

2.5.2 Cultural Environment of South Korea

The contemporary culture of South Korea originates from the traditional culture of Korea, but since the 1948 division of Korea, it has developed separately from North Korea's culture. The industrialization and urbanization of South Korea have changed many things in the way Korean people live. In the past, most people lived in small rural areas. Young people have moved to cities like Seoul to find new opportunities, there are more jobs in the cities. In the past, it was not uncommon for several generations to live under one roof; today South Koreans are moving towards having a nuclear family. (South Korea;Wikipedia)

A highly homogeneous ethnic group, the Koreans, who speak a distinct language called Korean, populates Korea. A minority of ethnic Chinese (about 20,000) live in South Korea. The combined population of the two Koreas is about 72 million. Korean is the official language in South Korea, and is widely spoken in Korean communities abroad. (South Korea;Wikipedia)

2.5.3 Political Environment of South Korea

South Korea is a liberal democracy based on a presidential republican system. Power is shared between the president, legislature and judiciary. Since 1948, the constitution has undergone five major adjustments, with each demonstrating a new Republic. The current Sixth Republic began with the last major constitutional revision in 1988. (Etelä-Korea: maaprofiili 2006)

The head of state and head of government is the President, who is elected by direct popular vote for one five-year term. Current president is Roh Moo Hyan. The next presidential election will be in 2007. In addition to being the commander-in-chief of the armed forces, the president also has extensive executive powers. The president appoints the Prime Minister with the approval of the National Assembly, as well as appointing and presiding over the State Council of chief ministers. (Etelä-Korea: maaprofiili 2006)

2.5.4 Legal Environment of South Korea

The South Korean legislature is the National Assembly, a unicameral body in which members serve a four-year term of office. Today this legislature has 299 seats, of which 243 are elected by regional vote. The remainder are distributed by proportional representation. (Etelä-Korea: maaprofiili 2006)

The South Korean judiciary is largely independent of the other two branches. The highest judiciary body is the Supreme Court, whose justices are appointed by the president with the approval of the National Assembly. The independent Constitutional Court also goes through questions of constitutionality. (Etelä-Korea: maaprofiili 2006)

2.6 Cultural Differences between Finland and Asian Countries

Various differences can be detected in almost all areas of life. The way people live their daily life, conduct business or just how they think is different in Asian

and Finnish culture. Different origins have developed different cultures and different customs. On one hand, this can be a good thing because in a way they complete each other. When balancing some good aspects from each culture, together they can create beautiful and beneficial things. (Cultural Dimension)

In the business world, there are some clear-cut differences. Asian people are more patient than Finnish people are. Finnish people are very aggressive and want to get to the point straight away, while Asian people are still thinking of the hierarchy. Trust and personal relationships are important to Asian people. This means that we have to be patient and very interested in their companies when making contracts and setting up the rules. In East the oldest person is usually on the top of the ladder and therefore has to be respected, which means that there is a large power distance. This person is always a man as well and since the CEO of Afrodite is a woman, it might be a bit confusing for the Asian. There might be some respect issues when it comes to this. (Cultural Dimension)

They are also very formal. In Finland there is a small power distance; people feel equal, the interaction is informal and at a horizontal level. In Finland people are more individuals and 'I' comes first, they are less concerned about the groups' interests than Asian people where the 'We' identity takes major prominence. Attention is on what will benefit the group. On the other hand, Chinese people do not understand the meaning of privacy. They can talk to strangers in the street, especially foreigners. (Cultural Dimension)

2.7 Company Analysis of the Seller

A thorough company analysis should be made. It would be wise to try to find maybe two or three medium-size enterprises that can offer many different types of products, and import from those about two three times a year. It might not be a good idea to try to get bits and pieces from several different companies. That would be expensive and very complicated with all the customs and regulations. There are risks when it comes to business operations between small and big companies. Surely, they can offer a lot to a company like Afrodite but they also require a lot. They demand bigger orders, sometimes too big.

The next step is to find out about the companies. There are several things that Afrodite needs to find out about the companies. If there already are some contacts in Asia, it is good, because they might be able to offer valuable information about the companies.

General information is available on the web site of the company:

- Company ID and other basic information
- Size of the company and the field of operations
- Business concept

When a company has something interesting to offer and Afrodite wants to know more about them and the products, they should be contacted via e-mail. The person in charge of the inquiries should start by telling them about Afrodite, the business idea, the field it operates in and from where and what they import.

There are things that have to be found out about the new companies such as catalogue of the companies' products, price list and minimum order quantity (MOQ) and bulk and trade discounts

Since Afrodite is a wholesaler, it always tries to get sole sales rights to new product lines. That has to be asked and the key to getting the sole sales rights is to make Afrodite sound like a very good and productive company. They have to be convinced that Afrodite is in it for the long haul and is able to market and distribute the goods to buyers all over Finland. There are many companies that are willing to give Afrodite sole sales right of their products, because Afrodite operates in such specific field and the market opportunities are relatively big in Finland when it comes to the amount of hair salons.

2.7.1 Product Analysis

Quality of Asian products varies a lot. There are products of both high and poor quality. The trick is to find the good ones. This can be difficult since their cata-

logues are often very plain and amateur like. Of course, some catalogues are extremely good and these companies have good web sites as well. One can find out a lot of the possible new products by looking at the companies web site. There are pictures of the factory and of products and sometimes there are pictures of the manufacturing process. Reliability of the images is totally in the hands of the viewer. On a good website, they tell a lot about the company, management, employees and have a good web catalogue. The point is that if the company is big hence successful then most likely the products are good too. New products must be able to adapt to Finnish culture. Their appearance should be somewhat similar when compared to Finnish products. They should look interesting but not too weird. (Äijö1997, 111-112)

Asian products come with Asian and sometimes English labels. Finnish law says that all products sold in Finland have to have Finnish instructions of use. Therefore it has to be ensured that the exporting company is able to give English manuals for all of their products. Afrodite has had problems with a certain German company, which did not give any instructions in English, only in German, consequently the workload was immense when all the manuals had to be translated from German to Finnish.

2.7.2 Minimum Order Quantity (MOQ)

There must be a team prepared to analyze the information about the companies. There should be a contact person for the companies. There is one disadvantage with Asian companies. They are usually so big that the minimum order quantities (MOQ) are often too big for Finnish companies. They require at least a thousand-piece order per item, which are impossible for small companies to distribute and sell here in Finland. Some companies have an MOQ of a 20ft container. Measurements of a 20 foot container are (6,1 X 2,44 X 2,44m) . The container has to be filled up but usually they allow the container to be filled with mixed items. There are several cargo definitions for container transport. Most important ones are FCL (Full Container Load) which means that the seller stuffs the container and delivers it to the buyer. LCL (Less than Container Load) means that the seller ships the

goods to the port where they are stuffed into a container, unloaded at the port of destination and delivered to the buyer. (Pehkonen 2000,121)

Most of the companies say that the first order can be small, but after that, they expect to get big orders. However, the prices are about 80 % lower when compared to similar European products. In this case, a deal should be made with the selling companies. Afrodite should try to arrange so that they could order maybe 500 pieces and pay more for the products. Let us say that a European hair clipper device costs for Afrodite about EUR 110 and the Chinese hair clipper costs about EUR 10 , If Afrodite offers to pay the double for the Chinese, meaning EUR 20 , it would still be cheap.

It is difficult to understand how Asian products can be so cheap, but one has to understand that the labour costs are extremely low in Asia and that they have all the necessary parts produced there, hence there will not be any added expenses that would come if they would have to import some parts of the device.

3 CUSTOMS FORMALITIES

3.1 General Information

Customs clearance is required with goods that are brought from the third countries outside the EU. The goods are to be presented immediately after arriving to Finland or a general declaration is made to give out information about the items. The goods (sea transported) must be cleared within 45 days after the general notice and in 20 days when used another transportation mode. This is done by the buyer or the forwarder. (Tuonti kolmansista maista)

The goods will always be set to a customs procedure. There are several procedures, but the most common is to set the goods in customs procedure. Most commonly, this is done with a Single Administrative Document form that can be either on paper or in the electronic form. Usually goods are released for free circulation. If we are talking about a cash customer, the duties and taxes have to be made before the goods are released. To a registered customer, who has given a customs bond against the value added tax and duties, the goods can be released before payment. Usually the forwarder is registered so they get the goods right after the clearance. Forwarder will charge a certain percentage of the credit amount they have given to the buyer. When goods have been cleared in one EU country, in this case Finland, they can be moved freely inside the community (Tuonti kolmansista maista)

3.2 Required Documents

There are several documents needed for the customs:

- Commercial Invoice and packing list or Proforma Invoice
- Single Administrative Document, SAD
- Transportation documents; Charter Party, Bills of Lading and SMGS contract (in chapter 4)
- Documents of the duty allowances, Certificate of Origin
- Other document, such as health certificate
- Declaration of the custom value, D.V.1, if the value exceeds 10 000€

For the customs, Afrodite needs SAD, commercial invoice, transportation documents and sometimes the custom value declaration. A certificate of origin is needed when bringing goods from China.

3.2.1 Commercial Invoice and Proforma Invoice

Commercial invoice is a bill for the goods from the seller to the buyer. Without this document the deal is not valid. Customs requires the Commercial Invoice for customs, which categorizes the merchandise so that duties and taxes can be accurately paid. Perfect Commercial Invoice should include the following items, so the buyer has to ensure that the invoice is actually valid. See appendices 2 and 3.

- seller's contact information
- buyer's contact information
- invoice date
- unique invoice number
- terms of delivery
- terms of payment
- price and currency used in sale
- Total of quantities and description of merchandise (unit price and total price). Product descriptions should be consistent with the buyer's purchase order. Including the Harmonized System commodity codes can be helpful, especially in countries that are WTO members.)
- certification that the invoice is correct

A Proforma Invoice is an advance copy of the final invoice. It is different from a quotation. The Pro Forma invoice is often used by the importer to apply for a Documentary Credit (D/C). It is also needed to express the value of samples.
(Commercial Invoice)

In some cases when the buyer pays for the goods before they even leave the seller, Proforma Invoice is used as an invoice that the seller sends to the buyer. The buyer pays for it and when the goods arrive there will be the actual commercial invoice, or it will arrive by post. (Commercial Invoice)

3.2.2 Single Administrative Document (SAD)

'Goods are transported to mainland Finland under the internal transit procedure. A customs declaration for the goods is submitted on the SAD form, for VAT levy. If needed, an excise tax declaration is also submitted.' (Tuonti kolmansista maista)

The Single Administrative Document (SAD Form C88) enables importation, exportation and transit (across the EU) of goods. The SAD form is fairly complex and lengthy, requiring several pages of data entries. Correct and full completion is extremely important. New exporters may consider employing a freight forwarder to complete the form on their behalf. SAD forms can be obtained from Customs and Excised or individually printed, as long as they conform to the official specimen. (Tilastoluokitukset)

3.2.3 Documents for Duty Allowances

China is one of the Generalized System of Preferences (GSP) countries. It is one of the most developed of the developing countries and therefore the benefits are gradually diminished. Hong Kong and South Korea belong to the General agreement of Tariffs and Trade, GATT. When goods are imported from GSP-countries, Form-A is used as a Certificate of Origin. It has to be presented when declaring the goods. The origin of the goods has to be written and it has to be signed by an authorised person (see appendix 1). Industrial countries allow benefits to the developing countries. The system is supposed to strengthen and develop the industrial and economic evolution of the third world countries. About 170 beneficiary countries and independent areas belong to the GSP-system. There is a list of these countries and areas available in the Finnish Customs web page. (Alkuperämääräykset- ja selvitykset)

Products are divided into two categories; sensitive and non-sensitive. In case the value of the goods is less than 6000 euros a declaration of the originality of the goods in the commercial invoice is enough. (Tilastoluokitukset, 2005). Goods that

Afrodite will import are non-sensitive, which means that the tariffs are reduced completely.

Declaration:

‘The exporter of the products covered by this document (custom authorizationNo....(1)) declares that, except where otherwise clearly indicated, these products are of.....preferential origin (2) according to rules of origin of the Generalized System of Preferences of the European Community.

(1) When the commercial invoice is drawn by an authorized exporter, the license number has to be added here. When an unauthorized person makes the commercial invoice declaration the words in the brackets will left out or the space is left empty.

(2) The origin of the goods is to be marked here. When the commercial invoice is partly or completely about goods of Ceuta or Melilla origin, the exporter must clearly indicate this in the ‘CM’ document where the declaration is written.

Document must be signed and name clarified.’ (Letter from tullii, Liite 18, Kauppalaskuilmoitus)

Form A is the most assure way of getting the Customs benefit. The seller usually charges about 30\$ for making it. Commercial invoice with the declaration is not always valid for the Finnish customs. It has to be accurate by every comma and full stop, if it is even a little bit different from what the customs want, they will not accept it. The signature is very important.

If the goods have already been cleared and duties and taxes paid, it is possible to apply for a drawback of the duties from the Finnish customs. A retrospectively issued Form A, the original Commercial Invoice and an application for the drawback are then required. (Letter from tullii, Liite 18, Kauppalaskuilmoitus, Tuontioipas, 79-80)

3.2.4 Tariffs

Importing from the third countries is not as free as importing from EU-countries. There are restrictions when importing from outside of the EU. These have been created in order to protect and favour intra trade. They try to restrict the amount of competitive products coming in from the third countries and also protect the market from prohibited goods.. It is crucial for the importing company to find out about the custom regulations about the products before making a deal. (Tullitariffi)

Customs regulations are based on tariffs. The first thing is to find out the Tariff headings for each import product. In international use, there is the harmonised product description and coding system. Codes are in logical and order and supported by rules. EU uses 8 digit CN- headings (Integrated Tariff of the European Communities) which are more specific than just Harmonised System (HS). The first four numbers of the CN come from the HS. All of the foreign trade statistical categories are based on the CN-statistics. Additional codes, give an extremely accurate and specific categorizing of the products. TARIC is a communal common use tariff, which includes also the contracts and arrangements that justify for custom benefits and customs regulations based sub headings and custom amounts. TARIC holds about 18 000 Tariff headings. (Tullitariffi)

CN- headings are used in Intratrade between EU-countries. HS- headings are international and used between Finland and third countries. Within every heading, there are compiled statistics of the country of origin, country where the goods were shipped from, country of destination, value of the goods, quantity and average prices. One can find information and headings for products from the CN-headings. A list of CN-headings and TARIC- codes can be found in Finnish from www.tulli.fi. (Tullitariffi)

TARIC- codes can be searched from TARIC DDS, product codes are based on product descriptions. By doing this it is not guaranteed that a code found in this way will be accepted by the Customs offices if used in a declaration. (Taxation and Customs Union, Tuontiopas 2002, 75)

Finding the written classification information can sometimes be tricky but there is help available, it is advised to ask for a "Binding Tariff Information" (BTI) in the country of importation. The national Customs authorities are responsible for issuing binding tariff information, so one can send a request to the competent customs authorities of the Member State concerned. The names and addresses of these authorities can be found in the Official Journal of the ECC 351 of 4 December 1999, page 44. (Tullitariffi)

Further information on how to ask for a BTI can be found under the option "databases", on the web site of the European Commission - DG Taxation and Customs Union, hosted on the Europa Web Site <http://europa.eu/>. (Tullitariffi)

Figure 1. Tarrif Headings

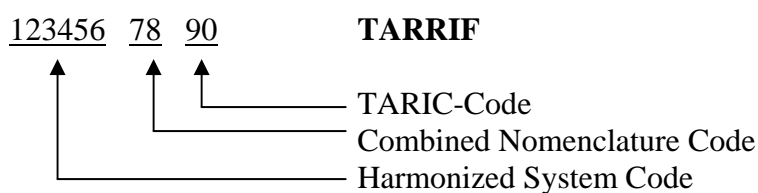


Figure 1: Tuontipäas 2002

Table 1. CN-headings for Afrodites' Import Products

CN-headings

Synthetic wigs	67041100
Human hair wigs	67042000
Massage tables and barber chairs	94021000
Make-up brushes	96033090
Hair dryers	85163100
Hair straighteners and curlers	85163200
Hair and beard clippers	85102000

Table 1. Tilastoluokitukset 2000

4 DELIVERY AND PAYMENT

4.1 Transportation Documents

A contract of the sea transportation has to be made. The contract is made between the charterer, who can be either the buyer or his or her representative (forwarder) and the carrier. Shipper and receiver are also mentioned in charter party. Shipper is the person who delivers the cargo to the ship. Receiver means the buyer or forwarder who represents the buyer. (Pehkonen 2000, 124-126)

Bill of Lading (B/L) is a certificate given on behalf of the carrier, who says that the cargo is loaded on board. It is a commitment to carry the cargo to the named port and deliver it to the custody of the bearer of the original B/L. Bill of Lading is a document that entitles to transfer the ownership of the cargo from one person to another. (Pehkonen 2000, 124-126)

Liner waybill, LWB is a freight contract which commits the carrier to carry the cargo to a named port and then hand it over to the receiver. Unlike Bill of Lading the Liner Waybill is not transferable and the delivery terms are not printed there, it is a blank back form. (Pehkonen 2000, 128)

Air Waybill, AWB is a contract made for transporting airfreight. Three original copies are made and additional copies are for transport, forwarding, customs and payment purposes. Air Way Bill is not negotiable. The Conditions of Contracts are printed on the back of the original documents. See appendix 4. (Pehkonen 2000, 149)

SMGS contract is for the eastern railway transport, which is based on a deal between Finland and Russia. This contract enables land transportations through Russia from several eastern countries including China and North- Korea. (Pehkonen 2000, 146)

4.2 Forwarder and transportation

4.2.1 Finding a forwarder

It is vital to find a good forwarder. The forwarder has to be able to handle all the shipping details and documents concerning the transportation. Finding a good forwarder can be difficult and might take time, they have to have experience in Asian transportations. First thing to do is to choose a couple of forwarders and send them an inquiry and then pick one and make a solid contract. In the contract there has to be written how high are the costs when it comes to the weight and volume of the shipment.

It is important to understand estimate the additional costs, because they can vary a lot. With sea freight, in addition to the freight, there are usually, Bunker Adjustment Factor 15,25/cbm (BAF). Currency Adjustment Factor (CAF), which at the moment is 7,7 % of the freight. Customs clearance which basically means the fee of standing order of the duties and taxes that the forwarder has paid on behalf of Afrodite (2,5% of the paid duties and taxes). Terminal payment are also added, which means the payment that the shipping company charges for unloading the container. This is charged only when the container is half-full. Then there are the in land transportation costs. (Pehkonen 2000, 117, 121) Trading across borders starts from the contractual agreement between two parties and it ends with the delivery of the goods. There are some general prices available for the export process. From South- Korea the cost to exporting a full container is approximately USD 780. (Doing Business)

With airfreight there are added the clearance, handling costs, terminal payment and in land transportation costs. There are more additional costs with sea freight but since airfreight costs are usually twice as high as sea freight, it is still the cheaper way of transporting the goods. Airfreight is good if the goods are extremely light in weight and fit in to a small space or if the buyer needs them urgently. (Phone interview with Timo Kiekkinen from Sncargo in 13.12.2006)

4.2.2 Forwarders responsibilities

Forwarder works on behalf of the principal, handles the shipping details and is responsible for the cargo depending on the Incoterms. There has to be written in detail whether sea freight or airfreight should be used or perhaps another mode of transport. Afrodite has to find out the contact person in the exporting company. Forwarder needs a routing order for every company from which the goods need to be delivered to Finland. Routing order means the instructions how Afrodite wants the goods to be shipped including the contact persons information.

When searching for a good forwarder, one has to ask for price lists and those can be tricky to read and understand. Usually the prices go with every hundred kilogram's or according to the volume. Table 2 is an example of the prices. One has to know the gross weight and volume of the goods. If the goods are heavy rather than large in volume, the price goes according to kilograms. Let us take China for example here. When the goods weigh less than 100kg transportation will cost EUR 80. 101kg-200kg will cost EUR 60 x 2=120€ 300kg will cost EUR 50 x 3= EUR 150.

Table 2. Transportation Prices

Country	Minimum	100kg-	200kg-	500kg-	1000kg-	5000kg-
China	80€	60€	50€	40€	35€	30€
India	90€	70€	60€	50€	45€	40€
Japan	100€	80€	70€	60€	55€	50€

According to the volume, the price is calculated in following way: 1 cbm = 333kg, 1 lm = 2000kg. Lm means the space the pallet takes of the truck (1 pallet meter). Whichever result is higher, that will be applied in order to come up with the price.

In most cases, the goods from Asia will be shipped via road transport through China and Russia. Airfreight would be the quickest way of getting the goods but it is excessively expensive.

4.3 Terms of Delivery

Delivery terms can also be a good bargaining tool when it comes to prices. Afrodite might get bigger discounts if they agree on a more expensive delivery term and of course, it works the other way around too. It should be found out if the seller has some contacts or deals with transportation companies that could be used instead of letting the forwarder handle the shipping. Some companies always use for example DHL and have a good deal with them and that way the shipping comes cheaper to Afrodite. The seller can use this as an advantage and this will have an affect on the price.

Incoterms 2000 are internationally acknowledged commercial terms which define the roles, responsibilities and rights of both the buyer and seller in the arrangement of transportation and other responsibilities and clarify when the ownership of the merchandise takes place. Incoterms make international trade easier and help traders in different countries to understand one another. Standard trade definitions that are most commonly used in international contracts are protected by ICC copyright. (Rules at the core of world trade)

Incoterms 2000 are categorised according to letter signs and the nature of the term.

- E- group includes the 'quotation term' EXW which means that the seller prepares the goods for the buyer to pick up the goods. The pick up place is named
- F- group does not include freight
- C- group includes freight and partly also the transportation insurance
- D- group means that the seller is responsible for costs and risk involved in transportation

(Tuontiopas 2002, 34)

4.3.1 Free on board (FOB)

FOB is an Incoterm, which means that the seller pays for transportation of the goods to the named port of shipment, plus loading costs. The buyer pays freight, insurance, unloading costs and transportation from the port of destination to the company. The transfer of risks occurs when the goods pass the ship's rail at the port of shipment. Internationally the term specifies the port of loading. (Incoterms 2000, Free on board;Wikipedia)

4.3.2 Ex- works (EXW)

Ex- works is an Incoterm, which means that the seller X has the goods ready for collection at his premises (Works, factory, warehouse, plant) on the date that has been agreed earlier. The buyer pays all transportation costs and also bears the risks for bringing the goods to their final destination. This term requires that the buyer must be able to carry out export formalities in the country of supply, these days almost impossible. Therefore, in the large number of cases where terms are quoted EXW they actually mean that the seller will carry out export formalities which makes the correct term to be is FCA (Seller's premises). This would be the most expensive term for the buyer, but unfortunately, many selling companies require this, since they want no part in the transportation. This however is reflected on the prices. Transportation costs will be relatively high when bringing goods from Asia so they offer lower prices also because of this. (Incoterms 2000, Ex-Works;Wikipedia)

4.3.3 Delivered duty paid (DDP)

DDP (Delivered duty paid) is an Incoterm, which means that the seller pays for all transportation costs and bears all risk until the goods have been delivered and pays the duty. This is the easiest and cheapest term for the buyer. This however also has a negative reflection on the prices. Afrodite has one partner that delivers

the goods DDP (Delivered duty paid) and the aim is to get more partners like this. (Incoterms 2000, Delivered Duty paid; Wikipedia),

Negotiating the best delivery term can be tricky. Each party wants to spend the least amount of money and bear the least amount of risks when it comes to shipping. Some kind of middle ground has to be found in the Incoterms 2000. At the moment there is only one company that sends the goods free to Afrodite. They do not charge anything for the transportation when the order exceeds a certain amount. With the others, Afrodite uses EXW, which is a bad one. The other end would be DDP, but surely, something can be found in the middle, maybe Carriage Paid to (CPT) or Carriage Insurance Paid to (CIP). When Asian companies are asked to send price lists, they link the price with the Incoterms 2000. So far, Afrodite has gotten Ex-work and FOB price lists for products. FOB prices are naturally higher than Ex-work because the seller is in charge of the transportation some part of the way. FOB prices are about 10 to 15 % higher depending on the product. With the price list, they send a list of the measurements of the packed products. Those companies that require a minimum order of a full container do this. Afrodite has to invest quite a lot of capital in executing the new import plan. When importing from Asia, the volumes are so big that a lot of money will be tied to the goods for a relatively long period. Afrodite has to think carefully how many times a year and from how many places it can afford to order goods.

Table 3. Comparison of EXW and FOB prices

Comparison of EXW and FOB prices (\$)	
EXW	FOB
112,00	130,00
123,00	141,00
149,00	167,00
78,00	85,00

4.4 Terms of Payment

4.4.1 Cash in Advance and Cash Against Documents

This means that the buyer pays for the goods before shipment. Cash in advance works in such a way that the seller sends the Proforma invoice and we see that it is ok, and then they ship the goods and send the actual invoice. With this one, there is no risk involved to the seller so the buyer bears all the risks. The buyer has to rely on the seller to send the agreed goods. Afrodite uses Cash in Advance with most of the companies now. Afrodite pays for the goods and sends the receipt to the forwarder. The forwarder notifies the seller of the payment and is then allowed to release the goods.

Some Asian companies say that they will only accept cash in advance. They ask for 30 % deposit with the order and 70% balance before they will ship the goods. They send samples and Afrodite either approves them or asks for some alterations. The delivery time is rather long, usually it is 50-55 days from the confirmation of order and sample approval.

4.4.2 Documentary Credit (D/C)

Documentary credit is a binding document that a buyer can request from his bank in order to guarantee that the payment for goods will be transferred to the seller. It can also be referred to as Letter of credit. A letter of credit gives the seller reassurance that he will receive the payment for the goods. In order for the payment to occur, the seller has to present the bank with the necessary shipping documents confirming the delivery of goods within a given time frame. It is often used in international trade to eliminate risks such as unfamiliarity with the foreign country, customs, or political instability. It is used when talking about big orders and significant transfers where both parties stand to lose a lot if something goes

wrong. Documentary credit is expensive for both buyer and seller. The applicant pays the D/C fee to the bank, and may in turn charge this on to the beneficiary. From the bank's point of view, the D/C they have issued can be called upon at any time (subject to the relevant terms and conditions), and the bank then looks to reclaim this from the applicant. (Letter of credit;Wikipedia, Letter of credit;Investorwords)

5 MARKETING THE NEW PRODUCTS IN FINLAND

5.1 Marketing

There are annual trade fairs here Finland within the hair industry. The biggest one is held in Helsinki every spring. Afrodite should attend there. They should build a unique and outstanding display of their products and present the new products there. Many hairdressers visit this fair and that means a lot of valuable exposure for Afrodite.

Afrodite could come up with new slogans to boost their image and versatility. One slogan could be 'always an innovator never imitator' they should make up something that shows how unique they are in this field.

Fairs usually have a long term affect on sales. Afrodite hands out brochures and offer leaflets to people and some people save them for years. They might remember them later if they do not need anything right now. Attending fairs is relatively expensive but they will usually pay off.

5.2 Leasing new products

Now that the amounts are so big that it will be difficult to store and distribute the goods fast enough, a new kind of an approach to marketing should be found. Leasing the goods is a very profitable option that should be considered. Leasing can be defined as long term renting. A lease is the right to use and control property or real property given by the seller for a fixed or indefinite period against a fixed payment usually made monthly.

Everyone knows that cars are the most common commodity of leasing. However, other objects can be leased as well. Computers are another common leasing target. In Afrodites case, this would mean leasing washbasin units, barber chairs and massage tables. This kind of service would be promoted to private and communal beautician and make-up artist schools, which have to make large acquisitions but do not necessarily have the money to fund them.

Leasing is less capital-intensive than buying. The lessee pays a certain amount every month and those payments are easier to handle than the whole value of the product. Lease payments and value added taxes are considered expenses, which can be set off against revenue when calculating taxable profit at the end of the relevant tax accounting period, so they are tax refundable. The lessee does not have to deal with the maintenance of the products and a broken product will be replaced. Leasing may provide more flexibility to a business, which expects to grow or move in the relatively short term, because a lessee is not usually obliged to renew a lease at the end of its term. (Leasing;Wikipedia)

There are advantages and disadvantages for both lessor and lessee in leasing. If the business is successful, lessors may demand higher rental payments when leases come up for renewal. If the value of the business is connected to the use of that particular property, the lessor has a significant advantage over the lessee in negotiations. The lessor gains more revenues with leasing than just selling the products. The lessor will have steady money coming in every month. However, the lessor has to be prepared to fix or replace broken goods. When bringing goods from Asia the transportation cost are relatively high so the lessor has to have enough extra pieces in stock that re-ordering will not be necessary. (Leasing;Wikipedia)

Storage problems will be inevitable, if Afrodite starts to order full containers. An expansion of the facilities is in the plans but that requires more capital. Even another 100m² could be enough to storage the goods. The ideal situation would be to be able to distribute the leased goods straight to the lessee so they would not have to be stored in by Afrodite.

As for the disadvantages for the lessee, leasing is relatively expensive when compared to the purchasing value of the product. A contract is a contract so if the lessee's business plan fails or even goes under they still have to make the payments. In some cases, the contract may be cancelled or changed in a way that both parties will benefit. (Leasing;Wikipedia)

6 CONCLUSIONS

The outcome of this study is that Afrodite has great potential to enhance the import process from Asia. It was found in the study that there are several companies that have suitable products, prices and terms to offer for Afrodite.

Import countries will be Hong Kong, The People's Republic of China and South Korea. They have many similarities but also in some aspects, they are very different from one another. Doing business with Asian companies is in a way very easy, since they are very flexible when it comes to the minimum order quantities. They rather close the deal than hold on to their demands on the size of the order.

China's potential lies in the customs benefits and the wide range of products. China is a big country and there are a lot of big companies. There might be some collisions when it comes to business partnership between big companies and a small company like Afrodite. Hopefully those can be avoided by a thorough company analyses. Once the companies have been chosen starts the inquiry of prices, delivery terms and payment terms.

Hong Kong and South Korea offer products of high quality with reasonable prices. The variety of products is vast so there is a lot from where to choose. Distance between Finland and Asia is long but that should not be a problem with today's transportation systems. A well-chosen forwarder takes care of the transportation and customs formalities.

Afrodite belongs to the highest AAA- credit rating and it means that Afrodite is a trustworthy company. The AAA-rating is also acknowledged abroad so the new partners will hopefully offer better payment terms for Afrodite.

REFERENCES

A brief introduction to the legal system of China, 2002, Comparative Law2002, [Referred 22.01.2007] Available at

<<http://faculty.cua.edu/fischer/ComparativeLaw2002/bauer/China-main.htm>>

Afrodite, 2006, Hius-, Kauneus- ja Fysiotukku Afrodite Oy, [Referred 10.11.2006]

Available at: <http://www.afrodite.fi/history.php?lang=en>

Alkuperämääräykset- ja selvitykset, 28.9.2005, Tulli, [Referred 26.11.2006] Available at:

<http://www.tulli.fi/fi/02_Yritykset/02_Tuonti_kolmansista_maista/03_Tulli_ja_muut>

Cateora, P., 1996. International Marketing. The Irwin series in marketing, ninth edition. R.R Donnelley and Sons Co. USA

China, 25.11.2006, Wikipedia- The free encyclopedia, [Referred 25.11.2006] Available at: <<http://en.wikipedia.org/wiki/China>>

Commercial invoice, 27.01.2007, CEEBICnet, [Referred 27.01.2007] Available at: <<http://www.mac.doc.gov/ceebic/thebasics/commercialinvoice.htm>>

Cultural Dimensions, Geert Hofstede, ITIM, [Referred 25.11.2006] Available at: <<http://www.geert-hofstede.com/>>

Culture of People's Republic of China, 25.11.2006, Wikipedia-The free encyclopedia, [Referred 25.11.2006] Available at:

<http://en.wikipedia.org/wiki/Culture_of_the_People%27s_Republic_of_China>

Doing Business, 2007, World Bank, [Referred 23.2.2007] Available at:

< <http://www.doingbusiness.org/ExploreEconomies/Default.aspx?economyid=104>
Economic & Trade Information on Hong Kong, 25.1.2007, Hong Kong Trade Development Council, [Referred 23.2.2007] Available at:
<<http://www.tdctrade.com/main/economic.htm#5>>

Economy China, 8.2.2007, CIA- The World Fact book, [Referred 23.2.2007] Available at: < <https://www.cia.gov/cia/publications/factbook/geos/ch.html#Econ>>

Economy Hong Kong, 8.2.2007, CIA- The World Fact Book, [Referred 23.2.2007] Available at:

<<https://cia.gov/cia/publications/factbook/geos/hk.html#Econ>>

Economy of the Peoples Republic of China, 25.11.2006, Wikipedia-The free encyclopedia, [Referred 25.11.2006] Available at:

<http://en.wikipedia.org/wiki/Economy_of_the_People%27s_Republic_of_China>

Etelä-Korea: Maaprofiili, 2006, Finpro, [Referred 23.01.2007] Available at:
<<http://www.finpro.fi/fi.FI/Market+Information/Country+Information/Aasia/South+Korea/Etel%C3%A4-Korea/Maaprofiili.htm>>

Ex-works, 15.01.2007, Wikipedia- The free encyclopedia, [Referred 15.01.2007]
Available at: <http://en.wikipedia.org/wiki/Ex_Works>

Delivered Duty Paid, 15.01.2007, Wikipedia- The free encyclopedia, [Referred 15.01.2007] Available at: <http://en.wikipedia.org/wiki/Delivered_Duty_Paid>

Feng Shui, 1998, Jokinen, [Referred 23.2.2007] Available at:
<http://www.skepsis.fi/ihmeellinen/feng_shui.html>

Free on board, 15.01.2007, Wikipedia- The free encyclopedia, [Referred 15.01.2007] Available at: <http://en.wikipedia.org/wiki/Free_On_Board>

Griffin, R., Pustay, M., 1998. International Business- A managerial perspective, second edition. Addison-Wesley Publishing Company.

Hong Kong: Maaprofiili, 2006, Finpro, [Referred 15.12.2006] Available at:
<<http://www.finpro.fi/fi.FI/Market+Information/Country+Information/Aasia/Hong+Kong/Hongkong/Maaprofiili.htm#1>>

Hong Kong, 24.11.2006, Wikipedia- the free encyclopedia, [Referred 24.11.2006]
Available at <http://en.wikipedia.org/wiki/Hong_Kong>

Incoterms 2000, 20.01.2007, International Chamber of Commerce, Paris, France,
[Referred 20.01.2007] Available at:
<<http://www.ltdmgt.com/incoterms.htm>>

Introduction China, 8.2.2007, CIA- The World Fact Book, [Referred 23.2.2007]
Available at:
<<https://www.cia.gov/cia/publications/factbook/geos/ch.html#Econ>>

Introduction to case study by Winston Tellis, 24.01.2007, The Qualitative Report
[On-line serial], [Referred 24.01.2007]. Available at:
<<http://www.nova.edu/ssss/QR/QR3-2/tellis1.html#yin93>>

Kiinanmaaraportti, 25.11.2006, Finpro, [Referred 25.11.2006] Available at:
<<http://www.finpro.fi/NR/rdonlyres/56589935-9298-4A75-B1AD-9EA3DB0E92F6/5604/Kiinanmaaraportti4.pdf>>

Leasing, 15.12.2006, Wikipedia- The free encyclopedia, [Referred 15.12.2006]
Available at:
<http://en.wikipedia.org/wiki/Leasing#Benefits_of_commercial_leasing>

Letter of Credit, 16.01.2007, Wikipedia- the free encyclopedia, [Referred 16.01.2007] Available at: <http://en.wikipedia.org/wiki/Letter_of_credit>

Letter of credit, 16.01.2007, Investorwords, [Referred 16.01.2007] Available at:
<http://www.investorwords.com/2774/letter_of_credit.html>

Marketing research, 18.01.2007, Wikipedia- The free encyclopedia, [Referred 18.01.2007] Available at: <http://en.wikipedia.org/wiki/Marketing_research>

Market Research: Benefits, 1998-2007, Small business notes, [Referred 18.01.2007] Available at:
<<http://www.smallbusinessnotes.com/operating/marketing/marketresearch/benefits.html>>

Pasanen, A., 2005. Kansainvälisen kaupan käsikirja. Helsinki: Multikustannus

Pehkonen, E., 2000. Vienti- ja Tuontitoiminta. Porvoo: WS Bookwell Oy.

Phone interview with Timo Kiekkinen from SNCargo, 13.12.2006

Rules at the core of world trade, 20.01.2007, ICCWBO, [Referred 20.01.2007] Available at: <<http://www.iccwbo.org/incoterms/id3045/index.html?cookies=no>>

South Korea, 23.01.2007, Wikipedia- The free encyclopedia, [Referred 23.01.2007] Available at: <http://en.wikipedia.org/wiki/South_Korea>

Suunnitelmallisuutta kansainvälistymiseen, Numero 1/2006 helmikuu, Tampereen kauppakamarilehti, [Referred 15.12.2006] Available at:
<http://www.tammistoknuutila.fi/kauppakamarilehti/Lehtiarkisto/2006/1_06/kansainvalistuminen.html>

Taxation and Customs Union, 17.01.2007, Europa Web site, [Referred 17.01.2007] Available at:
<http://ec.europa.eu/taxation_customs/dds/en/faqtar.htm>

Tilastoluokitukset, 2005, Tullin tilastopalvelu, [Referred 25.01.2007] Available at:
<http://www.tulli.fi/fi/05_Ulkomaankauppatilastot/10_Tilastopalvelu/index.jsp#luokitus>

The case study as a research method, Susan K. Soy, 12.2.2006 , Uses and Users of Information-LIS 391D.1, [Referred 24.01.2007]. Available at:
<<http://www.gslis.utexas.edu/~ssoy/usesusers/1391d1b.htm>>

Tullitariffi, 30.03.2006, Tulli, [Referred 26.11.2006] Available at:
<http://www.tulli.fi/fi/02_Yritykset/02_Tuonti_kolmansista_maista/03_Tulli_ja_muut>

Tuonti kolmansista maista, 2002, Tulli, [Referred 26.11.2006] Available at:
<http://www.tulli.fi/fi/02_Yritykset/02_Tuonti_kolmansista_maista/index.jsp>

Tuontioipas, 2002. Kansainvälisen kaupan koulutuskeskus- Fintra ja Multiprint Oy. Helsinki: Multiprint Oy



Ulkomaankaupan erikoistermit, 2004. Kansainvälisen kaupan koulutuskeskus- Fintra ja Multiprint Oy. Helsinki: Multiprint Oy

Validity, 22.01.2007, Wikipedia-The free encyclopedia, [Referred 22.01.2007]
Available at : <<http://www.ryerson.ca/~mjoppe/ResearchProcess/Validity.htm>>

Äijö, T., 1997. Suomalaisyrittäjä kansainvälistyy. Saarijärvi: Gummerus

APPENDIX I

1. Copy

<p>1. Goods consigned from (exporter's business name, address, country)</p> <p>PT. SUNG CHANG INDONESIA JL.PERINTIS NO.8A MEWEK KALIMANAH PURBALINGGA 53371</p>		<p>Reference No 16 / CLP / 2006</p> <p>GENERALIZED SYSTEM OF PREFERENCES CERTIFICATE OF ORIGIN (Combined declaration and certificate) FORM A</p> <p>Issued in INDONESIA (country)</p> <p>See Notes overleaf</p>			
<p>2. Goods consigned to (consignee's name, address, country)</p> <p>HIUSTUKKU AFRODITE OY ANTINKATU 18 28100 PORI SUOMI, FINLAND</p>					
<p>3. Means of transport and route (as far as known)</p> <p>SHIPPED BY : AIR FROM : SOEKARNO-HATTA JAKARTA TO : PORI - FINLAND DATE OF SHIPMENT : May 14, 2006</p>		<p>4. For official use</p> <p>"ISSUED RETROSPECTIVELY"</p>			
5. Item number	6. Marks and numbers of packages	7. Number and kind of packages, description of goods	8. Origin criterion (see notes overleaf)	9. Gross weight or other quantity	10. Number and date of invoices
	EX : PORI HIUSTUKKU MADE IN INDONESIA C/T NO.01-04	4 CTNS=489 PCS OF HUMAN HAIR WIGS,SYNTHETIC WIGS & HAIRPIECES DISCRPTION QUANTITY	"W" 6704	G.W 62.00 Kgs	NO : 01/063/C/SCIV/06 DATE : MAY 11,2006
		HT-001 58 PCS HT-007 68 PCS HT-004 66 PCS HT-006 96 PCS HT-009 72 PCS HT-019 11 PCS HT-018 14 PCS HT-060 12 PCS HT-063 12 PCS HT-064 22 PCS HT-066 26 PCS HT-068 8 PCS HT-069 8 PCS HT-070 8 PCS HT-073 8 PCS 489 PCS			
<p>11. Certification</p> <p>It is hereby certified, on the basis of control carried out, that the declaration by the exporter is correct.</p> <p>DISTRICT OFFICE IN CILACAP YUSUF SUPARNO</p>  <p>CILACAP, JUNE 28, 2006</p> <p>Place and date, signature and stamp of certifying authority</p>			<p>12. Declaration by the exporter</p> <p>The undersigned hereby declares that the above details and statements are correct : that all the goods were produced in</p> <p>INDONESIA (country)</p> <p>and that they comply with the origin requirements specified for those goods in the generalized system of preferences for goods exported to</p> <p>PORI - FINLAND (importing country)</p>  <p>PURBALINGGA, JUNE 28, 2006</p> <p>Place and date, signature of authorized signatory</p>		

SERIAL A31 - U N^o 0209

APPENDIX II

PT. SUNG CHANG INDONESIA

Jl. Perintis No. 8A Mewek, Kalimanah, Purbalingga,
 Jawa Tengah - Indonesia 53371
 Telp. 62-281-892959, 893201, Fax. 62-281-893200

COMMERCIAL INVOICE

1. For Account & Risk of Messrs	: HIUSTUKKU AFRODITE OY ANTINKATU 18 28100 PORI SUOMI, FINLAND TEL : 358 2 633 2165 FAX : 358 2 633 2346 ATTN : Ms. Miia Stevenvall	No. : 02/135/CI/SCI/IX/06 Date: Sept. 01, 2006
2. Notify Party	: SAME AS CONSIGNEE	
3. Port of Loading	: TAN JUNG PRIOK - JAKARTA	7. Shipping Mark
4. Final Destination	: PORI - FINLAND	EX : PORI HIUSTUKKU MADE IN INDONESIA C/T NO. 01 - 05
5. Vessel Carrier	: SEA SERVICE	
o. Remark	: FREIGHT COLLECT	

SYNTHETIC WIGS

C/T No.	Description	Quantity	Unit Price	Amount
01 - 05	HT-033	37 Pcs	\$ 4.00	\$ 148.00
	HT-025	33 Pcs	\$ 4.00	\$ 132.00
	HT-030	69 Pcs	\$ 4.50	\$ 310.50
	HT-035	51 Pcs	\$ 4.00	\$ 204.00
	HT-019	3 Pcs	\$ 12.60	\$ 37.80
	HT-060	13 Pcs	\$ 32.00	\$ 416.00
	HT-063	13 Pcs	\$ 32.50	\$ 422.50
	HT-064	11 Pcs	\$ 33.50	\$ 368.50
	HT-066	11 Pcs	\$ 14.70	\$ 161.70
	HT-068	20 Pcs	\$ 70.00	\$ 1,400.00
	HT-069	17 Pcs	\$ 55.00	\$ 935.00
	HT-070	17 Pcs	\$ 45.00	\$ 765.00
	HT-073	18 Pcs	\$ 48.00	\$ 864.00
	HT-007	15 Pcs	\$ 2.60	\$ 39.00
	HT-006	16 Pcs	\$ 3.65	\$ 58.40
	HT-004	16 Pcs	\$ 5.55	\$ 88.80
05 CARTON BOXES		360 Pcs		\$ 6,351.20

Note :

Commercial Invoice No. : 02/135/CI/SCI/IX/06

The undersigned hereby that the above details and statements are correct :

That all the goods were produced in Indonesia and that they comply with the origin requirement specified for those goods in the generalized system of preferences of the European Community Exported to Pori - Finland.

Purbalingga, September. 01, 2006

SUNG CHANG TRESS Corp.

8. Signed By.....*[Signature]*
 PRESIDENT

APPENDIX III

2006-08-04 11:42 FROM:

TO:11*35826332346#

P:1

SUNG CHANG TRESS CORPORATION

#460-14, Seokyo-Dong, Mapo-Gu,

SEOUL, KOREA 121-841

Tel. (82) 2 338-2496 / 2497, FAX. (82) 2 338-2495

DATE : AUGUST. 04, 2006

PROFORMA INVOICE

NO. 002/2006 (REVISED)

MESSERS : HIUSTUKKU AFRODITE OY
28100 PORI
SUOMI FINLAND

ATTN : MS. MIIA STENVALL

SHIPPING DATE : SEPTEMBER. 01, 2006

P O #	GOOD DESCRIPTIONS	Q'TY	UNIT PRICE	AMOUNT
	HT 033	37 PCS	\$ 4.00	\$ 148.00
	HT 025	33 PCS	\$ 4.00	\$ 132.00
	HT 030	69 PCS	\$ 4.50	\$ 310.50
	HT 035	51 PCS	\$ 4.00	\$ 204.00
	HT 019	3 PCS	\$ 12.60	\$ 37.80
	HT 060	13 PCS	\$ 32.00	\$ 416.00
	HT 063	13 PCS	\$ 32.50	\$ 422.50
	HT 064	11 PCS	\$ 33.50	\$ 368.50
	HT 066	11 PCS	\$ 14.70	\$ 161.70
	HT 068	20 PCS	\$ 70.00	\$ 1,400.00
	HT 069	17 PCS	\$ 55.00	\$ 935.00
	HT 070	17 PCS	\$ 45.00	\$ 765.00
	HT 073	18 PCS	\$ 48.00	\$ 864.00
	HT 007	15 PCS	\$ 2.60	\$ 39.00
	HT 006	16 PCS	\$ 3.65	\$ 58.40
	HT 004	16 PCS	\$ 5.55	\$ 88.80
TOTAL		360 PCS		\$ 6,351.20

PLEASE SEND PAYMENTS BY T/T AS THE FOLLOWING INFORMATION.

NAME OF BANK : WOORI BANK
NAM HYEON DONG BRANCH SEOUL, KOREA

BIC CODE NO. : HVBK KRSE XXX

ACCOUNT NO. : 583 - 209364 -41 -102

NAME OF BENEFICIARY :
SUNG CHANG TRESS CORPORATION
#460-14, SEOKYO-DONG, MAPO-GU
SEOUL, KOREA 121-841

BEST REGARDS / Y. Y. KIM

APPENDIX IV

Track this shipment via the DHL Web Site : <http://www.dhl.com>

DHL EXPRESS Shipment Air Waybill **145 6064 621** ORIGIN **JOG** DESTINATION CODE **HEL**

1 Payer account number and insurance details
 Charge to Shipper Receiver 3rd party
 Payer Account No. **540217784**
 Cash Cheque Credit Card
 Yes No Not all payment options are available in all countries.

2 From (Shipper)
 Shipper's account number **540217784** Contact name **MR. JUN**
 Shipper's reference (up to 32 characters but only first 12 will be shown on invoice)

3 To (Receiver)
HIUSTUKKU AFRODITE OY
ANTINKATU 18
28100 PORI
SUOMI, FINLAND
 Postcode/Zip Code (required) **28100** Country **FINLAND**
 Contact person **Ms. Miia Stevenvall** Phone, Fax or e-mail (required) **358 2 633 2165**

4 Shipment details

Total number of packages	Total Weight	Pieces	Length	Width	Height
1 PCS	0.5		X	X	X

5 Full description of contents
 Give contents and quantity
DOCUMENT

6 Dutiable shipments only (WPX) (Customs Requirement)
 Attach the original and two copies of a Proforma or Commercial Invoice
 Shipper's VAT/GST number _____ Receiver's VAT/GST or Shipper's EIN/SSN _____
 Declared Value for Customs (as on commercial/proforma invoice) _____ Harmonised Commodity Code if applicable _____
 TYPE OF EXPORT Permanent Repair / Return Temporary
 Destination duties/taxes if left blank receiver pays duties taxes
 Receiver Shipper Other Specify approved account number

7 Shipper's agreement (Signature required)
 Unless otherwise agreed in writing, I/we agree that DHL's Terms and Conditions of Carriage are all the terms of the contract between me/us and DHL and (1) such Terms and Conditions and, where applicable, the Warsaw Convention limits and/or excludes DHL's liability for loss, damage or delay and (2) this shipment does not contain cash or dangerous goods (see reverse).
 Signature **y.y. kim** Date **29 JUNE.06**

8 Products & Services
 DHL Express Insurable Signature Required Priority Economy Standard Other Products Other
 Service Options Some charges may apply
 Sub-entry Special Delivery Pickup Delivery notification
 DIMENSIONAL/CHARGEABLE WEIGHT
 CHARGES Services Other Insurance VAT CURRENCY TOTAL TRANSPORT COLLECT STICKER No.
 PICKED UP BY **[Signature]**
 Route No. **6 35** Date **6 30 06**

PT0205 ID