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IMPORTING WEDDING DRESSES FROM CHINA TO FINLAND

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IMPORTING GOODS FROM CHINA TO FINLAND

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Opinnäytetyön aihe on valittu kirjoittajan omasta kiinnostuksesta perustaa Suomeen hääpukuvuokraamo. Yritysidean yksi osa on hääpukujen maahantuonti Kiinasta Suomeen. Teoksessa käsitellään hääpukujen maahantuontiprosessia, joka alkaa toimittajan löytämisestä ja päättyy tässä teoksessa vaatteiden maahan saapuessa. Teoriaosuudessa käsitellään toimitusketjua käsitteenä, toimintatapoja joilla löydetään sopivia valmistajia halutuille tuotteille sekä tärkeimmät kohdat kansainvälisen sopimuksen teossa. Teoriaosuuden viimeinen osa koskee tullimenetelmiä. Teoriaosuudessa lähteenä on käytetty alan kirjallisuutta.

Opinnäytetyön asiantutija haastatteluita varten on haastateltu kolmea eri lähdettä; vaatteiden maahantuonti yrityksen toimitusjohtajaa, kiinalaista hääpukuvalmistajaa ja tullin yhteyshenkilöä. Toimitusjohtajan haastattelu toteutettiin kasvotusten, hääpukuvalmistajan haastattelu toteutettiin sähköpostitse ja tullin haastattelu toteutettiin puhelimitse. Tärkeimpinä tuloksina haastatteluista selvisi, alan haasteet laadun ja toimitusaikojen kanssa.

Opinnäytetyön tuloksina on esitelty kirjoittajan suositukset maahantuonnista kiinnostuneille henkilöille ja yrityksille. Kirjoittaja suosittelee tehtailta vierailemista ennen sopimuksen solmimista. Sopimuksen yksityiskohtaista laadintaa ja siihen huolellista tutustumista. Yrityksen tulisi käyttää omia mittataulukota, jotta liian pienet vaatteet vältetään. Laadunvalvonta yrityksen käyttäminen on suositeltavaa. Pienien määrien kuljettaminen lentorahtina ja isomprien määrien meriteitse tai junalla. Lentorahti on nopein toimitustapa ja meriteitse kuljetus voi kestää jopa kaksi kuukautta. Uusille yrityksille tullimenetelmien huolellinen tutustuminen on tärkeää. Kirjoittaja suosittelee myös harkitsemaan huolintaliikkeen käyttöä tullauksen hoitamiseen, jotta yrittäjä voi keskittyä yrityksen muihin asioihin.

Lopuksi voidaan todeta, että Kiina on potentiaalinen toimittajamaa hääpukuille. Kiinan tekstiiliteollisuudella on pitkä historia ja maassa valmistetaan paljon hääpukuja. Kulttuurierot maiden välillä ovat huomattavat. Kiinan ja Suomen välinen pitkä historia kaupankäynnissä helpottaa maiden välistä kaupankäyntiä.

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The topic of the thesis has been chosen from the author's own interest in establishing a wedding dress rental in Finland. One part of the business idea is to import wedding dresses from China to Finland. The thesis deals with the process of importing wedding dresses, which begins with finding a supplier and ends with the arrival of the clothes in the country. The theoretical part deals with the supply chain as a concept, ways of finding suitable manufacturers for the desired products, and the important parts in international agreements. The last part of the theoretical part deals with customs methods. In the theory part, author has used relevant literature as a source.

Three different sources have been interviewed for the thesis; Finish import companies CEO, Chinese wedding dress manufacturer and customs personal. The CEO's interview was conducted face-to-face, the wedding dress manufacturer's interview was conducted via email, and the customs interview was conducted by telephone. The main results of the interviews revealed the challenges of the industry with quality and delivery times.

As a result of the thesis, the author's recommendations for persons and companies interested in importing have been presented. The author recommends visiting factories before signing a contract. Detailed drafting of the contract. The company should use its own size chart to avoid too small clothing. The use of a quality control company is recommended. Carriage of small quantities by air freight and larger quantities by sea or train. Air freight is the fastest method of delivery and transport by sea can take up to two months. For new businesses, careful familiarization with customs methods is important. The author also recommends considering the use of a forwarding agent for Customs clearance so that the entrepreneur can focus on other things in the company.

Finally, author can say China is a potential supplier of wedding dresses. China's textile industry has a long history. Cultural differences between the countries are major, but there is a long history of trade between China and Finland what makes it easier for Finish company to establish a relationship with a Chinese supplier.

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1 INTRODUCTION

1.1 Background of the thesis

This thesis is the authors final work during her studies in the field of International business and marketing logistics. The idea behind this topic is to look for business opportunities in China, concerning the possibility to start a business in Finland that would import dresses from China and rent them to consumers in Finland. Author is interested on wedding dress industry and has been looking into the renting business in Finland. There are already some competitors in the market and as the ecologically thinking has changed the market behavior, also companies that have in the past only sold dresses have started the renting business as well. Finland has a small population of 5 million what means that the demand for this kind of business is relevantly small. A new company would have to differentiate from the competitors to have market space. For this problem, the author has considered on finding unique dresses that cannot be found from the competitor's selection.

Author is currently working as a buyer in a Finnish importing company that has over 20 years of experience in Fashion design and wholesale trade. In this thesis the company will be referred as company X. Company X has been importing clothes from Asian and European countries. They mainly focus on women's indoor wear, but also to some extent to outdoor wear and men's clothing. In the past Company X has also imported children's clothing and accessories like bags and belts. Working in a company that is using sourcing to find new suppliers from china helps the author to understand the relevant procedures in sourcing process. The author will also get a good opportunity to arrange an interview with the manager of the company X. This interview will help the author to have valuable information to increase the validity of the research.

Theory of this thesis will be passed on supplier research, contracting process and shipping documentation. This thesis work dives to the core of supply chain management and answers questions concerning the importing process and its various steps, starting

from finding the right supplier to delivering the goods to the buyer. The results will reveal thoughts and recommendations the author has about the original company idea, of importing wedding dresses and renting them to Finnish customers.

1.2 Purpose and objectives of the research

This thesis project is done to reveal the main steps related to the importing process. Purpose of this thesis is to cover the process of importing clothes from China to Finland and help readers to get a full picture of the most important steps in importing process. First objective is to understand how to use sourcing to find potential suppliers for the goods. Second objective is to explain the main steps of contracting process and elements that include in the process of creating a supplier buyer relationship between a Finnish and Chinese company. The third object will be to find out what are the import documentations that are needed in the Finnish customs. At the end of the thesis results will be presented and recommendation will be given on how to organize the importing of goods to Finland. The analysis will also discuss rather Chinese companies are potential suppliers for wedding dresses.

This thesis will answer to following questions:

- What sourcing means and how to use it in the search of potential suppliers?
- What issues should a sales contract between a buyer and seller contain?
- What kind of payment methods are there?
- What are trade terms? And how to use them?
- What shipping documents are needed when importing goods?
- What risk are in the importing process?

1.3 Conceptual framework

In figure 1. one can see the conceptual framework of the theses. The theory part is divided into three parts. The first part is sourcing. Sourcing process starts by

investigating the supplier markets in China and search of potential suppliers for this kind of goods. By investigating literature of business opportunity and customer acquisition the author will form a picture of the relevant steps in the process of searching and contacting the potential supplier. Sourcing handles questions of reliability of suppliers and the potential signals of good suppliers. After the supplier has been found the second step process of “making” starts by creating a contract between the companies. In this part the author focuses on creating a contract between the two parties. Parts of sales contract presents following, trade terms, payment methods and applicable law. The third theory part is Delivery. In this part the author will focus on the procedures in Finnish customs. All these three theory parts create the supply chain of the wedding dresses from China to Finland. After the theory, the author will perform interviews that will give more insight and bases of the results she will give recommendations of importing goods from China to Finland.

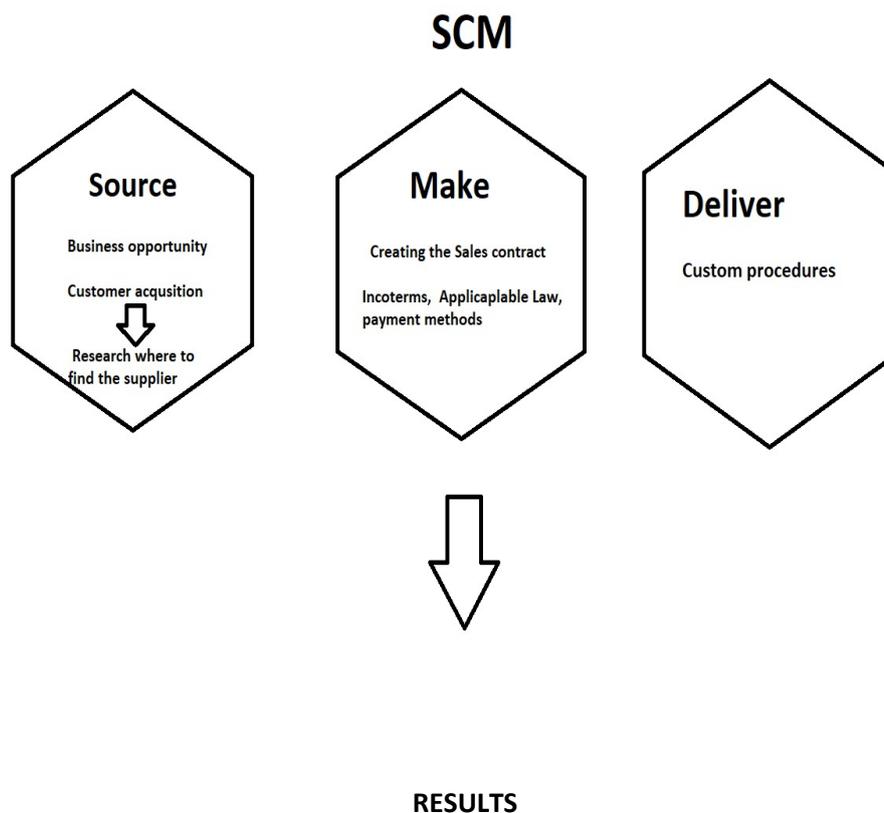


Figure 1.

1.4 Boundaries

Importing clothing contains steps from the beginning of supply chain management; planning and sourcing all the way to receiving the goods to the factory, this means some parts will have to be excluded from the research, that the work load will be executable. After taken some time to think the process of importing, one has decided to leave out details about transportation methods, price of transportation and the packing methods. The research done focuses on the importing process from the buyer's perspective, considering this it is logical that the work does not handle questions concerning export documentation needed in China customs.

Importing wedding dresses from China to Finland and renting them to consumers is the original key subject that has led to this final thesis's topic. The original subject itself is so wide that it has been encapsulated into the importing part of the topic. This means that this work will not handle the market research that should be done here in Finland or the competition in Finland. This will tough be the next step that should be investigated if one decides bases on these results that there is a potential in this type of business.

2 SUPPLY CHAIN MANAGEMENT

A supply chain also known as SCM means the journey of goods moving between organizations to reach the end consumer. Every organization in the supply chain adds value to the product. Supply chain enables the fluent movement of materials. Supply Chain is dived into *upstream* and *mainstream* activities. Upstream activities are those movements in the supply chain that move the materials towards the organisation and mainstream activities are moving the materials away from the company and towards the end consumers. (Waters 2009, 9)

Supply chain management consists of activities to enable goods to be produced and delivered to the end customers. These functions are example; sourcing, forecasting,

production, transportation, customer service, warehousing etc. There are inputs and output goods that refer to the movement direction. Inputs are those goods that move towards the company and outputs are goods that move away from company and towards the end consumer. The Supply Chain Council has created a model for the process of SCM. It is called Supply Chain Operations Reference, SCOR. SCOR consists 5 main points.

1. Plan. SCM demands a dedicated planning and assessing different solutions and monitoring risks. When dealing with many parties in different places it demands skills how to coordinate the supply Chain so that it will be efficient.

2. Source. Source is needed for the goods. Source can be example manufacturer or factory. Also, resources are searched from suppliers, example technical advantages or spare parts.

3. Make. After source is found the next step is to produce the goods and transfer the inputs to outputs. The goods will be then ready to move on in the supply chain towards the end customer.

4. Deliver. Delivery refers to the physical transportation of the outputs. Delivery process covers actions of packaging materials used, the transport operators (road, rail etc.), the legal documentations needed when exporting the goods from seller's country and documentation needed when importing the purchased goods to the buyer's home country. Cost planning to maintain the costs of the delivery is carefully planned before the goods are shipped.

5. Return. This part concerns the after math when goods have been sold forward. Sometimes there accrues problems example faulty goods and this can cause fatal loss for the company. Because of this there should be risk evaluation and solutions for this type of errors. (Drake 2011, 3-5, Wates 2009,18-19.)

3 SUPPLIER SOURSING

Importing begins by the search of reliable sources for the imported goods. Sourcing is not just choosing a supplier; it is finding the right supplier or suppliers. Before finding a source, it is vital to understand what kind of source is needed. The supplier sourcing begins by determine the specifics of the goods that are needed. The understanding of the materials and technical aspects of the goods are vital to finding a supplier.

Price determines purchasing process and plays a big role in sourcing. Price levels vary when comparing sourcing globally or locally. If goods are standard and stock orders are massive a global source is a relevant option. On the other hand, if the product is a special item and requires close relationship between buyer and seller, a local source is more reliable and maybe also a smarter option. (Van Weele 2005, 161)

To use sourcing to fullest it demands supply market research. This kind of market research can be implemented example by visiting factories and fairs. This research is carried out to help the selection process of potential suppliers. Also, consumers demand from the company's transparency on the supply chains and seek information of the product's whole life circle. Businesses that want to succeed will need to be transparent on their suppliers e.g. their employee condition, human rights, salaries, factory conditions and materials, waste disposal. For this supplier market research gives good tools example visiting factories is the best possibility to see the conditions and get to speak with the workers. (Baily, Farmer, Crocker, Jessop & Jones 2008, 198-199)

3.1 Supplier Criteria

There is no one sentence that can cover everything about a good supplier, because a good supplier means a bit different issues for different buyers. There are some crucial factors when selecting a supplier. Firstly, the buyer should be aware of the candidate's

background and the company's financial situation. Secondly the supplier should produce goods that are made with the quality that has been promised. Important aspect for reliable supplier is that goods are delivered on time. If deliveries are late, it can cost loss for buyer. If supplier is keen to keep a good relationship, they will give good service through out the whole buying process and provides documents as has been agreed in the sales contract. A reliable supplier is willing to let the buyer visit factory and is open of the manufacturing process and company culture. (Baily, Farmer, Crocker, Jessop & Jones 2008, 199)

3.2 Supplier selection

When buyer is aware of the product specifications, he can start the supplier selection. The supplier selection forms from different stages. First step is the decision of the method of subcontracting. Buyer can decide to use turnkey or partial subcontracting. As the turnkey name refers, it means that the purchaser gives the responsibility of the project entirely to the supplier. Advantages of turnkey subcontracting: Saves time and does not require much management knowledge. Only one supplier is needed. Disadvantages of Turnkey: There is no exact knowledge of the price structure. The quality of materials cannot be guarded.

In partial subcontracting the manufacturing process is handled in different stages and usually with more than one supplier. The coordination is managed by the purchaser. Benefits of partial subcontracting: Cost efficiency, better knowledge of the structure of the project. Disadvantages of partial subcontracting: Purchase management needs to have deep knowledge of the products, project management takes a lot of time, risk of misunderstanding through out the project.

The selection process can be called tendering process or closed selection. In Tendering process all suppliers are free to send offers, but in closed selection only selected suppliers can participate. In some cases, with specific products the potential suppliers are hard to find. In these cases, the purchaser can use supply market survey.

In Closed selection the buyer starts the selection process by choosing suppliers by their initial skills and then forms a “bidders list”. The bidders list consists of suppliers that are potential for the specific goods. The buyer sends an RFI= Request for information to these selected suppliers. By sending the RFI the buyer seeks a deeper knowledge of the companies. A personal meeting or a visit at the factory is a relevant source of information in the early stages of selection. After gaining more information of the potential companies the buyer will draw a reduced list of potential suppliers. For these companies, the buyer sends an RFQ=Request for quotation. The suppliers are asked to present their best offer based on the questions in the RFQ. After receiving the offers from companies, the results can be compared. The comparison will be based on price, delivery time, quality specifics, risk management etc. The ideal situation is to find the most suitable supplier with the best value adding offer. (Van Wheel 2005, 49-54)

4 PARTS OF THE SALES CONTRACT

Business contracts are created to avoid possible risks and financial loss. International contracts help the possibilities for company’s growth and success. When a contract is created the consideration of both risks and the benefits between the companies should be considered. Both companies should see the opportunities that they will gain when the contract is signed, and business relationship is established. Contract must be legally valid, and it should be in a language that both parties understand. When the contract is created in a form that is easy to follow it will make the contracting process easier for both parties. The risks must not exceed the expected benefits. The contract meets the standard bureaucracy, but at the same time it should be flexible for both parties.

(Haapio & Siedel 2017, 35)

When creating a contract between companies and especially in International Business where the native language of the two companies may differ, it is important to avoid any words or abbreviations that are not commonly used. In International Business contracts the common language that is used is English. Before the contract is signed and

even created there should already be trust between both parties. Buyer should before sign the contract has a clear understanding of the business objectives and mission of the supplier to understand the meaning of the co-operation. The contracting process always evolves risks and to maintain a good relationship between both parties it's important to share some responsibilities in the contract. Contract is an agreement between both parties and should satisfy both companies. The document must be signed by a person that has the authority for it. Example in some companies it needs to be the CEO who will sign the contract. Before signing the contract, the legality of the contract can be confirmed example from a lawyer. There can be verbal contracts and written contracts, but almost in all cases it is recommended to create a written document. Some-time purchase order can act as a contract, it is always agreed upon parties.

(Haapio& Siedel 2017, 42-46)

Contract consists of general information on price, payment method, quantities, and product specifications. Contract is also an agreement of quality standards, delivery time and guaranty protocols. It can be settled in a contract what court system will be used in case of conflict situation. There is no one standard contract model and both seller and buyer should be accurate of the content and make sure that it carries the benefit of both parties involved. (Van Wheel 2005, 54-57)

4.1 Price and payment methods

Payment method is part of the negotiations and are agreed in the sales contract. The buyer should prefer fixed price. Fixed price is the end sum of the purchase and will give a realistic view of costs of the purchasing order. Fixed price plus incentive fee will motivate the supplier and enable a beneficiary relationship between both parties. When using the incentive fee, the supplier efficiency is investigated and rewarded if appropriate. Cost-reimbursable contracts are based on the work hours used to manufacturing the goods. In these types of contracts, it is important to agree on a maximum price, so that the cost will not exceed to more than scheduled. Agreements with price-adjustments the price is based on external functions like material costs. These types of agreements are commonly used with long term delivery.

If the manufacturing process is a significant investment for the supplier, the supplier will in most cases demand deposit or payment in advance. Advance payment should be covered with a bank if possible. Paying stage by stage of the manufacturing process the buyer has the possibility to hold some control until supplier delivers goods as agreed. (Van Wheelé 2005, 54-55)

4.1.2 Open account or payment in advance

These two payment methods are considered both risky and only used in international trade if the relationship with the two companies is excellent. In some cases, it can take years to get to the point where the trust is so high that open account or payment in advance can be used as a payment method.

In payment term open account, the exporter ships the goods, and the buyer pays the invoice after goods have been received and the quality is checked. Open account is used when trust between seller and buyer is excellent. For the exporter, this payment method is risky, and it is not used usually in international trade but on the other hand for the buyer this is the most secure payment method. Buyer can first check the quality of goods and make sure that all products are delivered as in the invoice is marked.

(Jimenez 2012, 112)

In payment in advance the buyer will pay the full amount of the invoice and after receiving the payment the seller will ship the goods. For the buyer this is the riskiest payment method, and the risk is that the seller will not send the goods at all, goods will be sent late, or the goods are faulty. When this payment method is used it is common that it is only a deposit example 20% from the final invoice and the final amount will be payed after the goods have been shipped. (Jimenez 2012, 112)

4.1.3 Documentary collection and documentary credit

Documentary collection uses a bill of exchange also known as draft. This document is created by the seller. Seller sends it to the buyer's bank and bank delivers it to the buyer. Buyer accepts or declines the draft. The financial risks of this type of payment method is with seller. Bank is acting only as intermediate and does not have any financial risks involved. Documentary credit is usually used when relationship between seller and buyer is good. This form of payment is cheaper than the L/C. After buyer accepts amount and terms in the draft the seller will provide the documents for the shipment. (Keegan & Green 2017, 281-282)

In documentary credit (L/C) the buyer opens a documentary credit to buyer's bank with the negotiated sales terms. Buyer's bank will write a letter of credit where the buyer accepts to pay the amount of the sales invoice after Bank receives the documents needed e.g. bill of lading, original packing list, certificate of origin, inspection certificate. This trade term is the most expensive one, because of the bank fees and the complexity of the process. Documentary of credit is been used often in international trade and offers security for both sides. (Jimenez 2012, 114)

Both payment methods rely on proper documentation to prove to the buyer that the shipment includes everything that has agreed on and hands over the ownership of goods from the seller to the buyer. Here will be presented the shipment documents e.g. bill of lading, packing list, commercial invoice, and certificate of origin.

The Bill of Lading called B/L is a vital shipping document. The Exporter is responsible of delivering the Bill of Lading to the buyer based on the agreement made in the sales contract. The Bill of Lading acts as a proof for the shipper that the goods have exchanged owner. The B/L shows gross weight of goods, the number must match with the packing lists details. In this document it can be written if the buyer wants to hand over the shipment to The Bill of Lading is presented to the carrier and after that the goods can be handed over to the buyer. There is documentation that can replace the B/L, but all of these have different legal matters and issues to consider. When Documentary credit is been used in the sales process, the B/L is first handed to the sellers Bank and after receiving the correct payment it is send to the buyer's bank.

(Jimenez 2012, 26, Figure 2-9)

4.1.3.1 Packing list

Packing list contains information of the items the shipment contains. This document has information of the amounts and weights in each package been shipped. Packing list shows the packing material example carton or plastic. Document tells the gross weight, net weight, and the dimensions of the boxes. Packing list should be checked and compared with the information on the B/L. These documents should have same information. If weights in the packing list do not add up with weight shown in B/L it will be a problem with custom. Packing list enables the buyer to see the goods that has been sent and after goods have been received buyer can check items against the packing list. (Jimenez 2012, 27 Figure 2-16)

4.1.3.2 Commercial invoice

Seller creates the commercial invoice based on the order. Seller sends it to the buyer. This document contains all the specifics that have been negotiated in the contract. Commercial invoice contains company details, order number, shipping details and bank information. Commercial Invoice should have correct information of the goods, example product number and name. Commercial invoice contains price information. Invoice shows the unit price and total amount of payable. Commercial invoice is a vital document, and all the details needs to be correctly marked. In case of a documentary credit the credit is checked against the commercial invoice. The seller sends the document to the buyer and the buyer should then check that the details are according to the contract. The commercial invoice is needed for the customs and when handling the importing process. Before receiving the commercial invoice, the buyer can request a pro forma invoice to help the importing handling to go more smoothly. Pro forma invoice has the same details written as the commercial invoice. Pro forma invoice is created at an early stage of the buying process before the commercial invoice. Exporter

sends the document to the importer. The importer will check details and accept or decline the pro forma. (Jimenez 2012, 32, 118)

4.1.3.3 Certificate of Origin

Certificate of Origin document includes details of the country where the goods have been manufactured. From all countries this document is not necessary, and the seller's own document will be enough. When exported from some specific countries the buyer can get tax reductions against the certificate of origin. (Jimenez 2012, Figure 2-13)

4.2 Applicable law

The importance of applicable law is usually considered when companies already are at a conflict situation. If a contract is created to benefit mutual goals and all is written down that is settled, the contract can be followed throughout the ordering process. The contract can have specific details of different conflict situations that can occur and how companies should solve them.

In spite of a good contract there are situations that demand actions through legal ways. In conflict situations between companies it's always easier if the contract holds information of the court in which conflicts are settled and what regulations are used. Both parties are free to decide these aspects together when creating the contract. In some cases, the contract does not hold written information of the law or court system that will be used in a conflict situation. In these cases, the buyer needs to contact suppliers' home countries' legal system. In EU and EFTA countries the legal system is easier, and the buyer can contact his own home country's legal system and the judgment is legal also in other EU and EFTA countries. (Paasanen 2005, 641-642)

In international relationships, importer countries' own legal regulations have an important role. Example countries' competition law and product safety are regulated in every country. Also, national private law regulations can have a major effect for both

parties' legal rights and responsibilities. Continental European countries example German and France use regulations that are based in written law. These countries are called civil law countries. their regulations are based on German civil law *bürgerliches gesetzbuch*, commercial law *Handels gesetzbuch* and France code civil. Nordic countries use trade law regulations that are based on their common legal work and decision making. These countries have similar legal systems. Nordic counties are referred to the common law countries. (Paasanen 2005, 643-644)

World trade organization WTO was founded in year 1995. WTO replaced older legal system that was called General Agreement on Tariffs and trade, GATT. National court did not recognize GATT as a legal organization and because of that GATT was only a temporary solution. The purpose of WTO is to help trade and make it easier for member countries. WTO is an international organization that helps to make trade easier but also is following trade is done legally right. All decisions WTO makes are put into action by court system. WTO agreements also keep inside help for organization countries to find help in conflict situations. The agreements are covering trade of goods and services, but also example tariffs and customs. WTO has 142 member states or free trade areas. But there are some big countries that are not part of the WTO agreements example China and Russia. WTO and China have been negotiating more than 15 years of the possibility of China as part of WTO. (Reimavuo 2001,11-13)

5 DELIVERY TERMS

Delivery terms also known as incoterms have different obligations for the buyer and for the seller. Incoterms control the place of delivery. Incoterm should be settled in the sales contract but are not legally necessary if both parties agree not to use them or are keen on creating own trade term. Incoterms are highly recemented in international trade to avoid any confusions. Incoterms include responsibility of cost for transportation, the risks of damage of the goods, export and import customs clearance and duty payment. In the case of CIF and CIP terms also insurance liability is included. Based on most resent revision of incoterms 2010 there are eleven different incoterms. The

2010 incoterms are created based on the incoterms 2000, the update was made because it was considered important to make the incoterms clearer to use. There will be a new update to the incoterms in year 2020.

Incoterms that are suitable only when transportation happens by water ways are FAS, FOB, CFR, and CIF. These trade terms include statements that refer to the delivery spot that is designated port. In some cases, buyers try to use these trade terms also in non-maritime trade and this should be avoided, because these trade terms are designed and specified to enable waterway shipments. The exporter can find himself in confusing problems and this kind of trade can be legally dangerous for seller.

There are seven incoterms that can be used with any vehicle delivery. With these incoterms there can be more than one transportation model used in the shipment process. These incoterms are EXW, FCA, CPT, CIP, DAT, DAP and DDP. (Jimenez 2012, 45-52, Railas 2012, 84-90)

5.2 Incoterm groups

Currently incoterms can be divided into following groups E-grope, F-grope, C-grope and D-grope. In C-grope the seller pays the delivery, but the risks shift to the buyer at the country of origin. In CFR the seller and buyer will agree on the port of departure and the end port. Seller will be responsible of the risks until the goods are handed over at the loading port. In CIF, the responsibilities are the same as in CFR, but the seller is also legally responsible to insure the goods for the transportation. In CPT seller is responsible of the goods until they are handed over for the first delivery vehicle. CIP determines the same way than CPT, but sellers needs to insure the goods for the transportation. (Railas 2012, 264-300)

In D-grope the ownership of good transfer in the designated port. In DAP Seller will handle the delivery of goods to a named terminal with a vehicle and ownership transfers when vehicle has arrived at the terminal. In DDP Seller handles costs and risks during the transportation. Ownership of goods transfers at the end location when the vessel is at a designated spot example at the buyers' warehouse. In DAT, the seller

will cover the transportation to named terminal. Seller will arrange transportation and insurance for the shipment and cover full payment. When goods have been delivered to named terminal the ownership of goods shifts to the buyer. (Railas 2012, 326-350)

In F-grope the buyer is responsible of arrangement and payment of delivery. In FAS the ownership of goods shifts from the seller to buyer when the seller places the goods next to the vessel at named port and time. In FCA the seller hands over the goods either at their own factory or in a terminal agreed in the sales contract. In FOB the ownership of good transfers to the buyer when seller loads the goods to the vessel. (Railas 2012, 229-248)

In grope E the only incoterm is EXW. EXW can be used with any delivery vehicles. This trade term leaves the seller with no responsibility after the goods leave from the seller's factory. The seller is only responsible that the goods are ready on time. EXW price is the cheapest option for the buyer because it does not cover any insurance or transportation costs. (Railas 2012, 214-215)

6 CUSTOM PROCEDURES

6.1 Commodity code and nomenclature

Commodity code is a set of numbers and it is needed in the customs. With commodity code it is easy to search information example restrictions and the taxation rate for certain goods. If a wrong commodity code is used it may be that the importer will have to pay the taxes retroactively. Every product has its own commodity code. The commodity code starts from raw material and continues to semi-finished product and to the end-product. When goods are imported the first step is to find the right nomenclature. To be able to do that, certain details from goods are needed.

1. What product is being imported?
2. What is the physical shape of product and composition?

3. How does the product function?
4. What is the manufacturing process of the goods?
5. What kind of features does the product have?

When interpreting the nomenclature certain general guidelines will be followed. There are six rules, and they are used all over the world. Almost 90 % of goods can be specified according to the first rule. Also, the sixth rule can be used always; it is the rule that specifies the interpretation to the subheadings. If rule number 1 cannot be used, then rule 2-4 will be applicable. Rule 5 is for guiding certain storage of liquids and packing material specifics. The most common rule 1; the goods are specified passed on the title and note texts. Rule 2 a. has two parts. First part concerns products that are unfinished. The second part concerns untouched products or products that are disassembled into parts. 2. b; mixtures of substances. Rule 3a; specified description of goods. 3. b; nature of goods. 3.c; The last of the headings to be addressed. Rule 4; almost similar products. 5; a Long-term use items 5.b Packing materials 6; classification based on subcategories.

There are three different nomenclatures:

1. HS Harmonized System nomenclature. This nomenclature is by the world customs Organization. It is an international product specifics list. It consists of regulations how to read the nomenclature. It has 4-number and 6-number subheadings.
2. The second one is the combined nomenclature CN. It is used for statistical information concerning both trade inside EU and for exports outside the EU
3. TARIC nomenclature is used when importing goods to EU countries. TARIC consists of the following example from; preferential tariff, anti-dumping duties, EU-restrictions, footnotes. (Tulli.fi)

6.2 Tariff

Tariff means a way of controlling price levels by monitoring goods either entering the country or departing from a country. When Tariff is affecting goods entering the country it's called import duties. And goods leaving from country are export duties. Tariff

is an essential tool to governments to monitor goods traveling through borders and to protect the industries. Tariff is determined by commodity or country of origin and for some countries the import and export duties are higher than other countries. Tariffs can be divided into Ad valorem duties, specific duties, and compound tariffs. In Ad valorem duties the tariff is determined based on value of goods. Specific duties are determined based on the physical measurement of product. Compound tariffs are combination of both valorem duties and specific duties. There are also different tariff schedules that determine the import duties. Single column schedule goods are for every country the same. Multi column schedules tariff is treated according to trade agreement between importing and exporting countries, so they vary based of the goods and countries.

MNF (most-favored-nation) is a status that can be awarded to countries by their political or economic status. If countries have the MNF status, they will enter the agreement with privileged tariff status.

WTO is a trade organization that's aim is to establish the tariff agreements and MNF to all their member countries. WTO has 149 member countries, and the organization helps the trade across the world by settling disputes, monitoring trade activities, gathering rules for all member states, helping to share knowledge. WTO agreement helps developing countries by degreasing some trade regulations and giving the developing countries example duty reductions. (Ajami, Cool & Goddard, 2006, p. 33-36)

6.3 Tariff in EU

When using tariff in European area the tariff is based on the European TARIC-database. All goods that are been imported need to have 10 marks long tariff code, because the custom taxation is based on these tariff codes. Also, custom statistics are been based on the tariff information.

Binding tariff information (BTI) is applied electronically from the customs clearance. The tariff application is the formal approval of the approved commodity code for the goods. Binding tariff information can be applied when importing or exporting is done from EU. The BTI is valid from the day it's been issued for three year. In case where legislation changes the tariff, information may expire sooner. The importer who holds

the decision is to provide the number C626 and the reference number from the decision to the customs declaration.

When applying the Tariff code an EORI-number is needed. EORI comes from Economy operators Registration and identification System. This is functioning across Europe to keep in trace with financial operators. The EORI registrations happen in Customs and the Finish companies are always registered in Finland. EORI code comes from FI + Business ID. (Tulli.fi)

6.3 Forwarding agent

Forwarding agents offer services to export and import companies. The agent gets a mandate from customer and acts according to the instructions and trade terms of the trade agreement to cover the cheapest transportation. The forwarder agent also acts as a middleman between the seller's agent and the buyer. Agent instructs customer with the custom procedures and responsibilities. The forwarding services are expanding and providing comprehensive supply chain management. Forwarding agent also can handle the custom procedures. The buyer sends all the documentation to the forwarder and lets forwarder to handle the customs procedures. (Railas 2012, 146-147)

7 METHODOLOGY

There are two common research methods. Quantitative research is referred when the data is mainly numerical. In Quantitative research the data is collected example passed on statistics and calculation formulas. Contrary to Quantitative research Qualitative research is not passed on numbers and the data is collected from people that have more knowledge on the research objectives. Qualitative research uses example expertise interviews and questionnaires. This theses work is done by using qualitative research method. The research data is gathered mainly from relevant book sources, but also from online sources like Tulli.fi. This data is called secondary data because it is

gathered by other researchers. For the empirical part of the theses, information is gathered by interviews. This is called primary data because it is data gathered by the writer herself. Relevant information can be impossible to find only from books, but experts who are dealing these type of work tasks daily have a deeper knowledge and for that reason they bring the validity in to this research. (J.Hakala 1998, s.93-94)

7.1 Interview

Interviews can be separated into two main groups structured and non-structured interviews. In structured interview the interviewer has specific questions he presents and leaves no room for further conversation. In non-structured interview the interview is passed on more free conversation of the subject and questions can be formed throughout the interview. There is also possibility to use semi structure interview where the interviewer has specific questions but also can change the order of questions and add questions if the interview brings some new data that demands different type of questions.

The Interviews will be carried by presenting questions to three different professional sources. Two of the sources for the interview have been connected through authors' current job. First source is a CEO of an importing company. The importing company is a Finish company that has been in the fashion industry more than 20 years. The CEO has a wide experience as an owner of the company. He has managed the sourcing procedures in the company and has a good experience in market research in China. Semi structured interview was used in this interview. This allowed the CEO to speak more freely of the topic and the interviewer to change the questions or add them if the conversation demanded it. The questions for the CEO interview are questions that concern sourcing process, the contracting process and the relevant overall important aspects in fashion importing from China to Finland.

The second source is a Chinese wedding dress manufacture. This source was contacted in Canton fashion Fair in October 2019. This interview was a structured interview, and the interview was done by using email. Email allows to ask many questions and allows

the potential supplier to take some time to answer all question. The supplier interview answered questions of wedding dress prices, quality, ordering process and contracting procedures.

Third source was the Finnish Customs office. Customs office interview was needed to get relevant knowledge to the documentation part of the theses. For this interview, the author used structured interview to have guarantee that all needed questions get an answer. Because the customs are a busy office the time for conversation is limited. Customs office interview answered questions on the importing procedures at the Finland customs, the relevant documentation needed, tax rate and other facts that should be considered when importing textiles from China to Finland. Before the actual interviews were held, the process was started by planning the interview structures and questions. (Phillips & Strawarski, 2008, 24)

7.2 Validity and reliability

The data to this research was gathered from relevant book sources that are from 2000 century. All books selected are professional books on subjects like international business, importing procedures, sourcing, and market research. Different book sources are used, and the information is also compered to find reliable sources. For the customs procedures part, online source tull.fi is used to be certain of relevant and updated information. Custom procedures can change often and for this reason webpage was the most reliable source.

The interviews give reliability to the research because three different sources are used. All interview sources have specific knowledge on subjects searched in the theses. Interviews give more specific data of the fashion industry in China and the possibility of importing wedding dresses to Finland. This type of information would be hard to find from book sources. Professional sources that have more knowledge on the subject bring validity to the research.

8 EMPIRICAL ANALYSIS

8.1 Analysis based on the interviews and gathered data

1. What sourcing means and how to use it in the search of potential suppliers?

Sourcing means finding potential suppliers and using suppliers as a source for wanted goods. First buyer should identify what is the product that is needed. After this the buyer starts to find sources for the needed product. The buyer can search internet or example use different events like fairs to find potential suppliers. The buyer should have a list of question for suppliers to identify the potential suppliers. The CEO interview reviled that his company has found many suppliers from fashion fairs. These types of events are good places to create contacts because many suppliers gather to the same place and buyer can meet suppliers face to face and see some ready-made samples.

The contact for the supplier interview was found during Canton fair 2019 autumn when author visited the fair. Canton Fair is a large event that gathers suppliers from China together at the same place. The even lasts over two months and there are three phases during the event. The third phase is reserved for fashion suppliers and buyers. Buyers from all over the world visit the event. Author found the potential supplier from the wedding section from the fair. Visiting the supplier's booth is a good way to get familiar to the products. Before the fair starts a list of suppliers is reviled and buyers can first get familiar with suppliers from their webpages. If supplier's factory is close to Canton it is a good opportunity to visit their factory at the same visit. Even though fairs are still a huge part for Fashion industry there are more and more new ideas to bring the fashion events and showroom to online. The online companies are developing programs that will make the experiment in internet closer to physical visit in showroom. It is a different experiment to see and touch the materials than just to see the picture of a clothe on online. Therefore, the fairs and showrooms are still a big part on supplier selection in fashion industry.

The first step after finding a contact to a potential supplier is to ask question and find out what the company goals are, customer promise, financial situation, employer's work environment and environment actions. If the answers satisfy the buyer, they will send a request for quotation where the supplier is asked specific offer for the wanted goods. 1. what is best price 2. delivery time 3. incoterm. 4. payment method. RFQ should be sent to at least two potential suppliers so that buyer can do comparison between the offers.

2. What issues should a sales contract between a buyer and seller contain?

The Sales contract should contain specific information of the order and what has been agreed by words between companies. Contract contains: company details, price (what currency is used), quantity of ordered goods, payment method, trade term, delivery time, what law is used, and in which court any disagreements are settled if any occur. The interview with the CEO revealed problems with late shipment in the industry, it would be good to mention in the contract what happens if delivery is late because of the supplier. Is there example some % discount agreed between companies. Buyer is entitled for samples before shipment. Buyer can also ask that this is written down to the contract. Pre-production sample needs to be approved before production is started and shipment sample needs to be approved before shipment can be delivered for the buyer. The more specific the contract is the easier it is to agree any disagreements that may occur during the trade process. Companies should agree incoterm in contract. Incoterm affects to the price, responsibilities and to the ownership of goods. Therefore, buyer should first get to know the incoterm types to be able to agree on right delivery term. It is highly recommended that the incoterm is written down to the agreement between the companies.

3. What kind of payment methods are there?

There are different payment methods that are used in international trade. Open account and payment in advance are the riskiest and are used in cases the relationship between companies has lasted a long time and is solid. In Open account the buyer receives the goods and after they have checked them, they pay the invoice. For the seller this is risky because they give the ownership of good to the buyer before receiving money.

In payment at advance the buyer pays the goods before receiving the goods. The goods are sent after the payment. In this case the buyer takes a huge risk. They must trust the seller to send the B/L on time and trust the shipment is sent and holds all goods that have been payed.

The most common and secure is Documentary credit = L/C. In the CEO interview the CEO told the L/C is the payment method they use most of the purchases. L/C is securest because all documentation and money are transferred through bank. Before any money is transferred the bank has received all original documentation from the supplier and checked documentation contain right information as has been settled in the contract. Buyer is responsible to open the L/C in buyer companies' bank, after this the bank ask a confirmation from supplier's bank to the details.

CEO interview also reviled they use in some cases payment term CAD. CAD means cash against documentations. In this payment method seller first sends goods and after buyer's bank has checked the documentation is correct the buyer pays invoice and original documentation is relisted to the buyer. Original documentation is given only after invoice is payed.

4. What are trade terms? And how to use them?

Trade terms refer to incoterms. Incoterms are highly recommended in international trade but are not legally obligated. Incoterms should be used to avoid confusion relating ownership of goods, delivery place and insurances. There are different incoterm types. When transportation happens by water ways incoterm should be selected to refer the end destination as port. Sometimes there can be confusion in use of trade terms and companies may use incoterm that refer the end destination as port even though the transportation happens by a vehicle. This can confuse the process and should be avoided.

When the supplier gives quotation for price, usually the incoterm is agreed at the same time. Incoterm affects the price for supplier and importer. In the CEO interview he told they use FOB because it keeps the price of goods cheaper for them and lets them

choose the insurance company. CEO: s company uses waterway delivery in most cases and FOB refers the end destination as port. Because buyer holds the responsibility of insurances it lets the buyer decide insurance company and makes the process easier and safer if anything happens to the goods during the shipment.

Incoterm is settled between companies. Buyer can ask quotation from supplier also with different incoterms. If the buyer selects an incoterm that lets the buyer pay the transportation and insurances, this means the price of goods is cheaper. If buyer selects an incoterm where the supplier pays the transportation and insurance the price is bigger for buyer. There are new incoterms that have been released in 2020.

5. What shipping documents are needed when importing goods?

Shipping documents needed when importing goods are original B/L, invoice or pro forma invoice, Certificate of Origin (this document is not needed when imported from China), packing list.

From the customs interview I got a list of documents needed for the customs:

- ✓ invoice (commercial consignment) or pro forma invoice (consignment free of charge. e.g. samples)
- ✓ commodity code
- ✓ any additional codes that the commodity code requires
- ✓ authorisations, licences, or surveillance documents required by restrictions, if any
- ✓ certificates of origin, (not needed when importing from China)
- ✓ number of previous documents, indicated in the arrival notification
- ✓ authorisation to present missing documents

6. What risk are in the importing process?

The CEO interview revealed there are some major risks relating to importing process. The problem with late shipments is common in international trade. Deliveries can be late due to production problems or example because vessel can be late from the schedule. Also, the corona pandemic has shown anything can happen that the world is not

expecting. The pandemic has stop down production because factories have been closed in China and example in Italy during the lock down.

One problem is cheating in the industry. The CEO told an example of a supplier company that send a shipment of pants. When the boxes were opened in the warehouse it was reviled that there were too short pants and too thin material used so that the pants were transparent. In this case the CEO: s company tried to get the money back but unfortunately the supplier company did not respond to any messages. In this case it would have been more expensive to try to get the money back through layers.

Some suppliers demand a fee before production is started. In these cases, the buyer needs to understand there may not be any guarantee that the fee is returned if for some reason the order is canceled. When I discussed with the CEO, he told his company has had some cases where they have payed 30% fee advance. Unfortunately, the final samples have not been as they should have, and the CEO has canceled the order to avoid major money loses. In these cases, company has not received any money pack and have lost the 30% advance payment.

Problems with quality are common in fashion industry. When the stock arrives to the warehouse the materials, stitching, sizing, details etc. can vary from the original samples. As the example earlier of the see trough pants prove the final product can vary from the samples that have been received. To avoid these kinds of problems it is common to use a quality inspection company.

8.2 Recommendations

Process of finding a right supplier starts from market research. Based on the interview results, it is considered a good option to visit China and local fairs to contact suppliers face-to-face. Cultural differences are major between western and eastern world therefore a face-to-face contact gives a better possibility to create relationship without misunderstandings. In CEO interview some of concerns raising were that he told there are

big problems with shipments being late and with quality. The quality aspect is important with wedding dress business. The materials, stitching, details etc. must be done with high quality. To start a business relationship with a Chinese wedding dress maker I would highly recommend visiting factory and demanding samples and pictures from all production steps. Also, consider a possibility to use a quality control company that will check the goods before shipment to Finland. Immediately after receiving goods to warehouse check the materials, sizing and all the details. Wedding dress styles in China can vary from styles that sell in Finland, so it is important first to investigate markets for wedding dresses in Finland and make decisions for styles after that. The sizing also is different in China than in Finland and the best and safest way is to have own measurement tables for sizes. By using own measurement tables buyer can be certain that the sizing will not be too small for Finish market.

Buyer has the right for pre-production sample that is the “final sample” before production is started. After this sample is approved the production is started. Pre-production sample should be checked carefully, because after production is started it is often too late to make any changes. Before the shipment is sent the supplier will provide shipment sample. Shipment sample is a readymade piece from the production. If buyer accepts the shipment sample the shipment is sent to the buyer. If shipment sample varies from pre-production sample the buyer can refuse to take the shipment and send a quality control company to check the rest of the goods. When creating contract, remember to be as specific as possible. Have a clear order quantity with price and specific quality factors. Record the consequences for the supplier if shipment is late. When the contract is specific as possible then it is easier in a conflict situation to settle the disagreements.

When dealing with a new business partner in international trade, it is recommended using L/C as a payment method. This ensures that the money is safely transferred through bank against documentation. There can be certain companies that demand example deposit before production is started. With this the buyer needs to be careful, because if something with the order goes wrong there may be a chance that the deposit money is not returned. When using L/C the bank will check that all needed documentation is provided by the supplier. If L/C is not used it is important for the buyer that they have checked invoice against the packing list. Also, the Packing list weight must

be the same as marked in the B/L. The recommendation is to use FOB for incoterm. In FOB the insurances for the shipment are been handled by the buyer's insurance company. In case of anything goes wrong during the shipment the buyer can get the insurance money from their own insurance company. In FOB the goods are send and after goods are send and supplier provides all necessary documentation, buyer pays the invoice. After payment buyer receives original B/L and documentation to get the goods to their position from the port. Buyer handles the transportation arrangements, and the supplier is responsible of the shipment until they handle the goods at the port to the vessel.

Cheapest transportation is by water ways, but it is also the longest transportation method. Shipping by waterways the shipments can be often late, and the shipment time can take up to two months from China to Finland. When ordering small quantities, consider possibility to use air shipment. Air shipment saves time and takes only few days. Also, the possibility of goods being damaged is smaller when transported with airways. The CEO told about a new transportation method between China and Finland. A railway that comes through Russia and takes approximately 2 weeks. This could also a be a could transportation method to consider.

Recommendation is that a starting business would use forwarding agent to handle the custom procedures. This leaves the entrepreneur more time to deal with other business aspects and ensure that custom procedures are handled prober. Forwarding agent can handle all custom procedures but also order the transportation and take care of the insurances. Forwarding agent is specified in custom procedures and for a new starting business it is useful to have a company that handles questions that are no familiar with the entrepreneur yet.

9 CONCLUSION

As a conclusion we can say that China is potential supplier country for wedding dresses because the Chinese textile industry has a long history and knowledge. There are many Chinese suppliers and major supplier research is needed to be able to find the right and

reliable supplier. Although the cultural differences are major between Finland and China there is history between these two countries doing trade together. The main problems are with quality, late shipments, and possible conflicts. These issues can be all controlled with good background investigation and quality control system. All starts by creating a good relationship with supplier. Being open and honest about company goals is important and goes both ways. By written all down to the contract, both companies are avoiding possible conflicts and ensuring contracts safety for both parties.

For the business idea behind the thesis work, it can be said that the renting business in clothing industry has grown during past years I have been in the process of making this thesis work. There are new companies in Finland that rent wedding dresses. The ethical reasons and green thinking are influencing clothing industry. Fast fashion consumption is getting smaller and it feels that the ethical and local Finish production is growing in Finland. There is market for wedding dress renting company in Finland, but it needs to somehow be different than the other renting companies to be able to have a market space in such a small market than Finland. The consumers are demanding ethical choices and the companies must respond to the consumers by being open about the hole production circle. I feel that my business idea has changed during these years and it has come even more “green” and the idea of importing wedding dresses from China does not answer anymore to my idea of the company’s identity. I see that the company would rent dresses that are manufactured from natural fibers locally in Europe. Potential growing areas would be also to rent other dresses, shoes, bags etc.

As final words I can say that my thesis process has been an interesting experience and has opened my eyes towards clothing industry. The topic of the thesis has changed during the process, but I am happy that this topic was selected as the final topic and I was enabled to do research that has helped me on my business idea and its development.

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Interviews:

Jussi Uuttu, Belttie Oy, Raisio

MaxSpeed, China

Customs office, Finland

1) CEO interview

1. In What kind of clothes does your company is specified in?

“We are specified in women’s indoor wear, socks and outdoor jackets. We have also imported men’s wear and children’s wear in the past. Years ago, also accessories like bags and belts.”

2. Which countries do you order clothes?

“Currently we order clothes mainly from China, Turkey and England. Before we have ordered also from Bangladesh, Pakistan and India.”

3. Why have selected these countries?

“Specific countries are specified in certain areas. The countries we order clothes from are specifically textile industry countries.”

4. How have you found you suppliers?

“We have found our supplier from Fairs example Canton Fair in China is a huge fashion fair with many Chinese suppliers. Also, after a while in business the suppliers start to contact potential buyers with email. We get 10 different emails from different suppliers daily. “

5. What selection methods do you use?

“First, I use my cut feeling and after that references. Where have the companies sold goods. What is their specific knowledge? If we are example looking a sock supplier, we are expecting that they are specified in sock making.”

6. How to keep up good relationship with suppliers?

“There is no exact way, I think it is the buyer’s responsibility to take care of the good relationship. Of course, when visiting fairs, we always visit our old suppliers’ booths to say hello and ask what new styles they have etc.”

7. Important aspects in the sales contract?

" Price, quality and delivery time. Make sure you know what does the price cover. Make sure you know what has been agreed about the delivery time. What is the discount if the delivery is late?"

8. What law do you use in contracts?

"There is no specific law we use. Some suppliers can write in the sales contract Chinese court system, but there is no point of going into court about such small quantities. It would be lot more expensive to do that than just settle the arguments.

9. What payment method?

L/C, cad

10. Why?

"It's the safest payment method because the bank is in the middle. "

11. What incoterm do you use?

"FOB"

12. Why this incoterm?

"It comes cheaper for the buyer and its best to have the insurances in own names in case the is any problems. "

13. How long does the ordering process take?

"It can take from two weeks up to 6 months. From England ordering takes 2 weeks if you order a stock product., From Turkey from two weeks to 2 months. From China the ordering can be a long process. If you first design product with supplier the sampling selection and material selection takes about two months, production 2 months and delivery take two months, so it takes six months to have the product at the warehouse."

14. What delivery method do you use?

Waterways most of the cases. If we have been in a hurry, we have also used airways. There is also a possibility to use railways between China and Finland that takes 2

weeks. It comes through Russia. We have not used it but are considering possibility to start also using this transportation method.

14. Are deliveries often late?

“Yes, it is one of the biggest problems in the industry.”

15. What currency do you use with suppliers?

“Dollar prices mainly, with Turkish suppliers we use euro price. “

16. Have you had problems with suppliers?

“Yes, problems are daily in international trade. We have had problems with quality, delivery time and with suppliers cheating.”

- What type of issues the suppliers example cheat?

“We ordered pants from a Chinese company. After the stock arrived in to our warehouse everything seemed okay, but at some point we started getting feedback from our clients about quality and after checking all the boxes we discovered there where too short pants and the material was so thin that you could see through. “

17. With quality?

“We often have problems with quality, it is one of the biggest problems. Buyer has the right for pre-production sample and shipmen sample, and it can help to ensure that there won't be surprises.”

18. Who handles your custom procedures?

” Forwarding agent. Its easier for us because they are familiar with all the custom procedures.”

2) Supplier interview

Questions asked from the supplier:

1. Company name?



2. Mission and Vision of your company?

"Customer is God and we also want to expand our company to the World top 500 enterprise."

3. Who are you customers? Do you supply to Europe or to Finland?

"Our customer all over the world. Yes, we have the customer in Europe."

4. What kind of styles your company manufactures? What material do you use?

"We are manufacturer and we also have our own factory."





5. Prices per unit?

“If quantity is four and sizes 36, 38, 40, 42 then price can vary from 95 USD to 400 USD. If quantity is higher the price is lower.”

6. Customer promise?

“Meet all the requirements of the customer.”

7. Delivery time?

“10-15 days”

8. Do you use any quality control system?

“Every product is strictly inspected before delivery”

9. Payment methods?

“For the payment we have TT, alibaba, paypal , money gram, western union.”

10. Minimum order quantity? MOQ

“Any quantity is ok for us.”

11. What material do you use?

"We have 100% polyester do you think is ok for you."

12. Guarantee for products?

"High quality items are the goal of our factory."

13. Where is your factory located?

"Fujian Province."

14. Is there a possibility to visit factory?

"Yes, of course"

15. Are you able to produce samples?

"Sample is ok for us"

16. Contract legalities, what law do you use?

"We use Chinese law or if the customer wants, we can use the customer countries law?"

17. What incoterm do you normally use with your customers?

"We have EXW/FOB/CIF"

3) Customs interview

1. What commodity code to use with wedding dresses?

“If a wedding dress is synthetic fiber the commodity code is 6204430000 and customs is 12% if the dress is modified fiber the commodity code is 6204440090 and customs 12% if the dress is Silk the code is 6204491000.”

2. Taxation rate when importing wedding dresses?

“As mentioned in the above question, the taxation rate changes according to the commodity code. 12 % in the case of the above commodity codes. “

“On January 2018, VAT on import was transferred from customs to the Tax Administration those cases where the importer is entered in the VAT register.”

3. What documents are needed when importing wedding dresses?

- *invoice (commercial consignment) or pro forma invoice (consignment free of charge. e.g. samples)*
- *commodity code*
- *any additional codes that the commodity code requires*
- *authorisations, licences or surveillance documents required by restrictions, if any*
- *certificates of origin, (not needed when importing from China)*
- *number of previous documents, indicated in the arrival notification*
- *authorisation to present missing documents*