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PROCEDURE OF IMPORTING WOOL
YARN FROM CHINA TO FINLAND:
RYIJYPALVELU-RP Oy

Bachelor's Thesis

International Business

August 2015



KYAMK
University of Applied Sciences

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Thesis Title Procedure of Importing Wool Yarn from China to Finland: Ryjyypalvelu-RP Oy		53 pages 15 pages of appendices
Commissioned by Ryjyypalvelu-RP Oy		
Supervisor Ulla Puustelli, Senior Lecturer		
<p>Abstract</p> <p>A Finnish company named Ryjyypalvelu-RP Oy was looking for suppliers of wool yarn from China but it has no experience in importing wool yarn from China. As a trade student with Chinese background I agreed to help the company conduct its project.</p> <p>One objective of the study was to help Ryjyypalvelu-RP Oy find out suitable Chinese suppliers who could offer it wool yarns. Another objective was to discover how the importation from China to Finland could be implemented.</p> <p>In this study qualitative research method was utilized. In-depth interviews with a sales person of the commissioner Ryjyypalvelu-RP Oy and Chinese suppliers of wool yarn were carried out through e-mail and online message. Theoretical information were collected from books, scientific e-books and official website of organizations.</p> <p>The thesis was completed successfully. Three Chinese suppliers of wool yarn were found out in total. Additionally, the process for importing wool yarn from China to Finland were described step by step. This study would not only contribute to the commissioner, but would also benefit those who were willing to trade with Chinese businessmen.</p>		
<p>Keywords import procedure, wool yarn, China, Finland, the EU, Ryjyypalvelu-RP Oy</p>		

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1. INTRODUCTION

1.1 Background of the thesis

This research was initiated after deep discussions with the owner of a family business in Helsinki named Ryijypalvelu-RP Oy. Ryijypalvelu-RP Oy sells finished rugs and do-it-yourself rugs which are all made of 100% carded wool yarns. The company was currently looking for a trade partner which could offer it wool yarns from abroad while I was needing a thesis topic. As an international trade student I was naturally chosen to be the one to do this research for her company. Because of my Chinese background I finally agreed with the owner of the company that my study is going to find out a wool yarn supplier in China and make a guidebook on importing wool yarn from China to Finland.

1.2 Research objective

The main objective of this thesis is to explore a wool yarn supplier in China and discover the practical procedure of importing it from China to Finland. The study outcome will be used as a practical guide by Ryijypalvelu-RP Oy.

Except for reaching the aim of Ryijypalvelu-RP Oy, this thesis may also provide a guide for similar companies in Finland as well as those in the European Union area, which are willing to trade with Chinese companies in wool yarn industry in the future.

In addition, an objective of this thesis is also for my personal use. It is not only for completing the thesis itself but also offering me an opportunity to learn and understand how the import activity from China to Finland is conducted. I believe the experience that I can gain from this research will benefit me in my future working field.

1.3 Research question

In order to complete objectives of this thesis, the following questions are going to be answered:

The main question is: how to implement a practical process of importing wool yarn from China to Finland?

To answer the main question, two sub-questions are going to be answered:

- What aspects should be taken into consideration during the whole process of import?
- Who are the potential suppliers in the Chinese market to supply the satisfied wool yarn?

1.4 Research methodology

To conduct a research well, a suitable way of research approach needs to be chosen. Researchers must be very familiar with these two types of methodological approaches as they are frequently applied to data analysis in business research as well as other kinds of study:

- quantitative approach
- qualitative approach

When talking about quantitative methods, people will probably think of numbers, percentages and statistics. A definition by Aliaga and Gunderson (2000 quoted in Muijs & Daniel 2004, 1) well explains quantitative approach of analysis is 'Explaining phenomena by collecting numerical data that are analyzed using mathematically based methods'.

Quantitative method needs a large number of data with uniform characteristics and with standard variables (Krishnaswami & Satyaprasad 2010, 6-7). The information is collected from the mass by survey or by observing the respondents. Additionally, quantitative approach needs to use many statistical tools such as mean, median, mode, range and mean deviation (Sachdeva 2009, 195).

However, qualitative method is a different way of doing research. Qualitative approach is based on subjective analysis of behaviour, attitude, opinions. The research findings are collected by different means such as group discussions, group interviews, in-depth interviews and projective techniques, and so on and so forth. (Krishnaswami & Satyaprasad 2010, 7.)

Based on the different definitions and characteristics of the research approaches mentioned above and the purpose of my thesis, qualitative method is utilized in this thesis. Secondary data will be collected by using books, articles, reliable Internet sources. Primary data is collected through in-

depth interviews. Interviews will be conducted via e-mail with Ms. Allison House, who is the sales person of Ryijypalvelu-RP Oy and three wool yarn suppliers from China. The interviews with Chinese wool yarn suppliers were conducted in May (see Appendix 1/1-1/3). More details about qualitative methods and sources are discussed in Chapter 4 of this thesis.

2. INTERNATIONAL TRADE FOR SMALL BUSINESSES

2.1 Importing in international trade

As mentioned earlier, the main purpose of this thesis is to search for a wool yarn supplier in China and understand how the procedure of importing wool yarn from China to Finland is implemented. To solve the problems and achieve the objectives, a brief introduction of international trade will be described in this section and import will be especially discussed.

No country in the world is totally self-sufficient and no country can meet its all needs for goods produced by itself (Jain 2009, 2). Under such circumstances internationalization occurs. According to the definition by Wasserman and Haltman "International trade consists of transactions between residents of different countries" (Jain 2009, 2). Import is a business activity in which goods and services are brought from abroad to the countries where the business locates in. On the contrary, export is to send products and services to overseas. (Rhee 2012, 4.)

As a result of globalization of economy and expansion of businesses, countries are becoming more and more interdependent. International trade takes place across political borders of different countries (Jain 2009, 2). In everybody's daily life, it is not difficult to find out that many goods in the market are imported from abroad. For instance, a variety of fresh fruits and vegetable in Nordic countries are imported from warmer places like Southern Europe or Africa. Nowadays it is that not only big companies are interested in international trade but also small businesses, as Ryijypalvelu-RP Oy is increasingly getting involved in imports and exports.

There are several general reasons why imports are carried out by businesses. First of all, making profit for maintaining the operation of businesses is the main reason why an import occurs. A businessman may find out products

abroad which is not available in his domestic country. The imported products are used for resale. (Rhee 2009, 7.)

Additionally, an import activity is carried out by a businessman just because the price of similar quality of goods are lower abroad than in the domestic country, although the products can be found in his home country. In this case, many goods are normally imported from developing countries. Sometimes, prices of imported goods are higher than those in domestic countries, importing goods is still applicable if the quality of imported products are better than the ones in domestic market. (Rhee 2012, 7.)

Last but not least, an import activity is also conducted in the case of high priced machinery which needs a big amount of capital. Foreign governments which desire to promote their exports are willing to offer a better financing to importers of their products in comparison with domestic sources. (Rhee 2012, 7.)

2.2 Risks of importing

Risk exists in every business, both domestic one and international one. Risks increase as the number of complexities in business grows. Compared to domestic trade, international trade is more complicated. To obtain a success in international trade, having a better understanding and evaluation of potential risks is a must. A smart businessman should try to make his/her greatest efforts to minimize the risks and get ready for facing the potential risks and solving the problems in international business.

Although there are different kinds of risks in an import-export business, based on the relevance to the subject of my thesis, the potential risks from an importer's point of view are described below.

1) Quality of goods risk

It may be difficult to importers to check whether the physical products really satisfy their needs before they are shipped out from the buyer's warehouse. It happens that buyers receive the goods which do not meet the quality they had expected. To reduce this kind of risk, importers can ask for an inspection certificate from the exporters. Pre-shipment inspection is a crucial documentary condition of letters of credit. And this certificate is normally issued by a highly specialized testing company. (Jimenez 2012, 14.)

2) Transport risks

In international trade, transport is more complicated than in domestic trade because of several reasons such as a longer distance of transport, changing hands during transport or a longer duration in storage (Jimenez 2012, 13). Transport problems seem very common but they can incur severe outcomes. Collisions, leakage, explosion, spoilage, fire and sea robbery may happen during the transport (Ramagopal 2006, 78). Therefore it is very important for both parties to understand their legal rights and those of carriers as well. If the goods have been destroyed during transport due to the carrier's mistake, the carrier's liability will rely on the terms of contract and shipping information listed in the bill of lading. Importers need to understand the coverage in the insurance because claims may need to be made under its provision when damage happens (Jimenez 2012, 13-14).

3) Exchange rate risks

There will be exchange rate fluctuations if a price has been set up at a certain currency in an international contract. The consequence is that one party will benefit at the cost of the other because of the exchange rate fluctuations. One solution to avoid this problem is to denominate the international contract price in one party's own currency. This helps facilitate accounting and cash-flow projections. This way is especially for small companies. In many cases it is necessary to make quotes in various foreign currencies. (Jimenez 2012, 14.)

4) Legal risks

There is a commercial law in every country. Legal proceedings are not only complicated but also quite expensive (Ramagopal 2006, 78). For example it sometimes happens that an importer has to make an agreement to a contract which is done subject to foreign laws and it is expensive to resolve the disputes through foreign courts. This is an important reason why exporters and importers prefer to have their disputes solved in their home courts. One solution in such a case is to set in the contract that international dispute resolution will be resolved by international commercial arbitration such as that supervised by the ICC International Court of Arbitration (Jimenez 2012, 14).

5) Political risks

There may be risks due to the political reasons in the importing or exporting countries. There may be changes in the head government because of changes occur in the party in the importing or exporting countries. Moreover, risks such as coups, rebellions, civil wars or wars with other countries are possible. In addition, cargo may be damaged by enemies during transport. However, those risks can be avoided by a smart selection of the countries from which goods are imported and to which they are exported. An insurance may offer a coverage for reducing the possible risks caused by the political reasons. (Ramagopal 2006, 78.)

6) Unforeseen events

A strike or natural disaster may disturb an ordinary delivery in a foreign trade. The cost of transport may be increased for unseen risks for example by having to giving up the most economic routes or by increasing the shipping fuel. In such a case, contractual force majeure provisions can help protect the parties. (Jimenez 2012, 14.)

7) Cultural differences

It is extremely important for an importer to have a good understanding of the culture of the country you are about to import goods, including the language, non-verbal gestures, the way of addressing someone's name and expressing their opinions. Otherwise, misunderstanding may easily occur between buyers and sellers and it may hinder a good business relationship from the start. To minimize the risk of culture, it is necessary to learn some of the language of the exporting country and its customs as well before you begin your importing business from abroad.

3. IMPORT WOOL YARN FROM CHINA TO FINLAND

3.1 Description of the commissioner: Ryijypalvelu-RP Oy

Ryijypalvelu-RP Oy was founded after the Second World War and at the beginning it was named So-Ve-La, which means Disabled War Veterans Business. In 1953 Disabled War Veterans of Woman's Association took the responsibility for the yarn shop and the name was changed into Disabled War

Veterans Association of Women NGO's Ryijypalvelu. (Ryijypalvelu-RP Oy 2015.)

In 2000 the business was renamed as Ryijypalvelu-RP Oy and it has been a private business since then. The company is located in Abrahaminkatu street, where is next to Hietalahti flea market of Helsinki and it has been in that location for more than 10 years. There are more than 200 ranges of models in total for sale right now, including all the models through years and other models added into this family business by the new owner. In 2014 there was such an important change in Ryijypalvelu-RP Oy that the owner who had been serving for this company for decades retired, and her daughter took over the company. (Ryijypalvelu-RP Oy 2015.)

Ryijypalvelu-RP Oy sells ready-made rugs. Among over total 200 ranges of rugs (approximately 180 catalogs) both folk models and modern models can be found. The customers can order the model drawing, yarns and accessories by themselves for their models such as the theme of marriage, birth and so on, which can give them an important and special moments. One example of the modern rugs made by Ryijypalvelu-RP Oy is displayed in Figure 1. This rug is called "Aho Put", meaning edge of the clearing, and it is designed by Maarit Hirvonen. The size of this rug is 90×120 cm. A ready-woven "Aho Put" rug costs €1395.00. (Ryijypalvelu-RP Oy 2015.)



Figure 1. A rug named "Aho Put" produced by Ryijypalvelu-RP Oy (Ryijypalvelu-RP Oy 2015)

Moreover, the company also offers do-it-yourself rugs, which means customers can purchase materials and make rugs by themselves at home. The price of do-it-yourself is about a third of the readymade one by Ryijypalvelu-RP Oy. For example, a kit for making a do-it-yourself rug like “Aho Put” shown in Figure 1 costs € 520. (Ryijypalvelu-RP Oy 2015.)

3.2 Definition of wool yarn

Ryijypalvelu-RP Oy has a long history in textile industry. It supplies the most extensive selection of rugs in Finland. All rugs from Ryijypalvelu-RP Oy are made of high quality of 100% carded wool (House 2015).

Figure 2 is a sample card of the wool yarn which Ryijypalvelu-RP Oy uses for rugs-making. It is published on the official website of Ryijypalvelu-RP Oy.



Figure 2. Sample card of wool yarn (Ryijypalvelu-RP Oy, 2015)

Specification of the desired wool yarn was given by the commissioner Ryijypalvelu-RP Oy and it included e.g. the material, type, colour, spinning twist, evenness, acceptable price, order quantity of the wool yarn which the company wish to import. However, details about the specification are not published here in this thesis because of company secrets.

3.3 Import procedure and the documents

Figure 3 shows a procedure of importing the wool yarn from China to Finland. It describes the whole processes in relation to this case, including looking for

suppliers, asking for an offer, accepting an offer and placing an order, the term of payment, shipping, insurance of the documentary credit, confirmation of the credit, shipment of the goods and presentation of the documents for payments and customs.

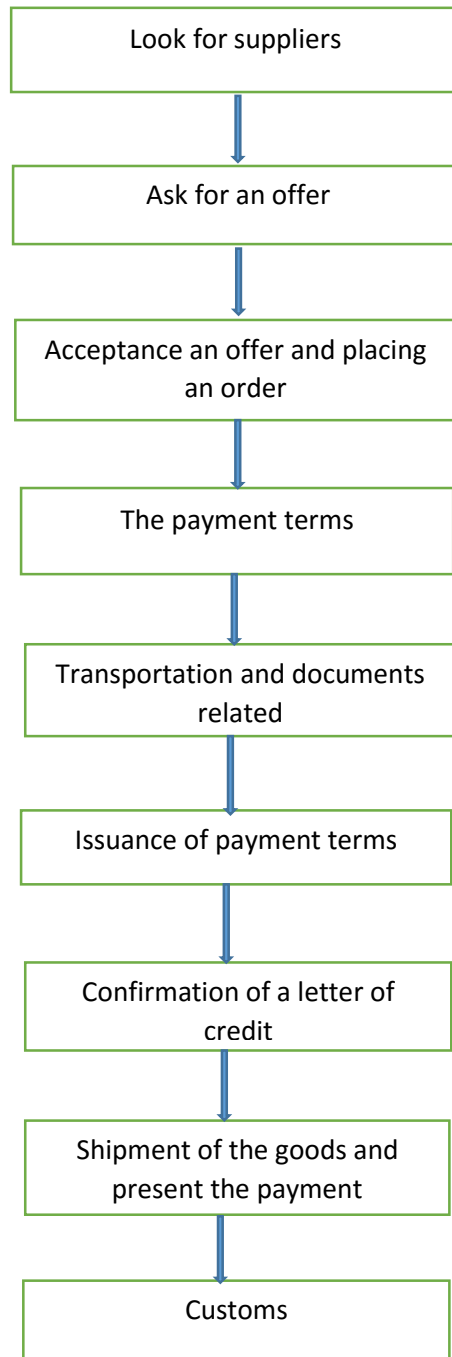


Figure 3. The importing process from China to Finland

In the following chapters each step of the import processes will be discussed in detail.

3.3.1 Look for suppliers

At this stage of looking for suppliers, a request for quote can be inquired from an importer. The request for quote (RFQ) as it is shown in Figure 4, is a document, which describes clearly the terms and conditions of sale on the front or back thereof plus the price of a product, a certain quantity of goods and their specified quality level and shipment date (Johnson & Bade 2010, 296). A price quote is normally a letter or a pre-printed form (Jimenez 2012, 29).

REQUEST FOR QUOTATION

XYZ, Inc.

100 Main St.
 ABC, FI 55555 (555) 555-5555

The following number must appear on all quotations and related correspondence.
REQUEST FOR QUOTATION:

TO:

REQUIREMENTS:

Reply Required
 Earliest Shipment
 Delivery Required

REQUEST DATE:

ADDRESS CORRESPONDENCE TO:
 Name

PHONE
 FAX #
 e-mail

Terms
 F.O.B.
 Ship Via

ITEM	QTY	DESCRIPTION	COMMENT
1			
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			

 PER

 DATE

Figure 4. A template of request for quotation (Docstoc 2015)

Ryjyypalvelu-RP Oy has never imported wool yarn from China before. In order to keep its business running and obtain more opportunities of suppliers of wool yarn, in my opinion it is a smart choice to look for suppliers from China as China is a huge market and it is well known that many products are cheap in there.

Searching for suppliers should start with the product specification. On the basis of the specification given by Ryjyypalvelu-RP Oy, the potential suppliers could be looked for through the Internet and they will be contacted via e-mail. More details about supplier selections will be specified in Chapter 5.2.

3.3.2 Ask for an offer

The exporter makes an offer through a price quote. After the quote has been given to the importer, there will be more documents, which are necessary to the importer during the transaction.

1) Pro forma invoice

Pro forma invoice is a common and important document in international trade. It is sent at an earlier time by the exporter if the buyer is in a country with foreign exchange controls (Johnson & Bade 2010, 82). The buyer will submit it to the central bank in order to achieve permissions and clearance to convert the currency into another to pay to the seller (Johnson & Bade 2010, 82). Sometimes this document can be seen as the first document made by the seller while in other cases this document will be utilized by the seller for confirming the purchase order made by the buyer (Jimenez 2012, 32). The pro forma invoice specifies the price, delivery and payment terms (Jimenez 2012, 32). A model of pro forma invoice is shown below in Figure 5.

ICC Model Contract of Sale-Specific Conditions (Jimenez 2012, 30-31). If the Specific Conditions are used, it means that the both parties wish to use the General Conditions as well. (Jimenez 2012, 24.)

3.3.3 Acceptance an offer and placing an order

At this stage the buyer is ready to make a purchase order and send it to the seller. A purchase order is issued by the buyer and it can be an e-mail, a letter, a facsimile or a printed paper (Johnson & Bade 2010, 297). It is the most important document to the buyer in an export transaction because it contains all the additional terms and conditions which the buyer wants in the purchase agreement (Johnson & Bade 2010, 297). A binding offer or a binding acceptance may be created in a certain situation (Jimenez 2012, 33). If there is a large buyer in the transaction, the purchase order will be regarded as the main contract form and becomes the first legally binding offer, and the acceptance will be formed by the confirmation of the seller's purchase order (Jimenez 2012, 33). To see a purchase order, please check Appendix 3/1.

3.3.4 The payment terms

After the purchase order has been made and confirmation has been completed between importer and the exporter, it is the time decide which payment method will be used. When the export does not know the importer, he or she may wish to use a payment method in transaction which is not changeable and supplies the exporter some security features (Jimenez 2012, 24).

In international trade the terms of payment play an important role. The payment terms are made based on various factors consisting of exporter's knowledge of the buyer, buyer's financial ability, degree of security of payment, speed of remittance, cost of remittance, competition from other exporters and exchange limitation in the buyer's country. (Gopal 2006, 49.)

Here are several payment alternatives:

1) Payment in advance

A serious risk may be caused to the importer while the exporter will bear no risk if payment in advance is applied. This may be the most favourite way for the seller in international trade. If advance payment is going to be paid, in

reality a partial advance payment such as 30% may be more acceptable to the buyer, especially in a competitive market (Jimenez 2012, 109). Full cash payment in advance sometimes happens but importers believe more that it happens when exporter's goods are in extremely high demand (Jimenez 2012, 112). Importers need to have a high level of confidence in the capability of exporters for goods delivery as ordered (Hinkelman 2008, 11).

2) Payment backed by standby credit or bank guarantee

A lot of exporters do not regard this payment type as safe as advance payment. Standby or bank guarantee is still an attractive method of payment though seller grants the importer credits and wish payment by bank transfer or similar means (Jimenez 2012, 112). The seller can draw against the standby credit or bank guarantee if the importer does not pay on the invoice date successfully (Jimenez 2012, 109). To the exporter it is simpler than an ordinary commercial L/C. To the importer using standby credit or bank guarantee will never be activated if the payment is done within an agreed period of time (Jimenez 2012, p. 109). This term of payment is used when there is a high trust in the exporter. To see standby credit, please check Appendix 3/2.

3) Letter of credit

It may happens that the exporter has to bear a risk of non-payment and the importer has to bear a risk of goods shipped which will not fulfill the contract. By using a letter of credit those risks may be avoided. A letter of credit is an important way to transfer the money and paperwork between the exporter and the importer. In different regions a letter of credit may be called differently. For example, it is also known as a "documentary credit", "commercial credit" or "D/C" (Jimenez 2012, 110). A letter of credit is used when the exporter and the importer do not know each other quite well and there is a doubt between them about whether the party is capable to pay or supply the goods (Ward 2009, p. 13). The bank uses a letter of credit to protect its customers in an international transaction and it plays a trusted role between the exporter and importer. In a letter of credit there should be a ship date agreed, a due date and document presentation date, which are very crucial information. The L/C may be invalid if you are not inside the dates (Ward 2009, 14). To see the sample of letter of credit please check Appendix 3/3.

Typically there are several documents for giving to the advising bank, First of all, there is the bill of lading, which issued by the shipping company and it proofs the goods in the list have been shipped or are ready to ship. The bill of lading shows the goods describe in the letter of credit and the goods in both sides should be exactly the same. Secondly, an invoice and a packing list are needed. The amount of money shown in the invoice should match the one described in the letter of credit. Moreover, a bank draft given by the bank should be made and in the draft the amount of money should be the same as the one to be paid on the letter of credit. Last but not least, a certificate also needs to be supplied to the bank, which proves the goods meet their quality requirement. (War 2009, 17.)

4) Documentary collection

Using documentary collection is less safe than using a letter of credit for the exporter. However, it is relatively a cheaper and easier option in an international trade. In addition, the importer does not have to pay before having inspected the documents and goods. The export will be controlling the goods until it has received payment (Jimenez 2012, 113). Firstly the goods will be shipped by the exporter and some documents such as invoice and bill of lading will be assembled and then turned over with a draft to the bank (Jimenez 2012, 113). The bill of lading will only be released if the importer pays against the draft (Jimenez 2012, 113). The export has to take a risk of non-payment or non-acceptance of the documents (Jimenez 2012, 110).

5) Open account

Open account is the least safe way for the export (Jimenez 2012, 110). It is used when the exporter completely the importer and the exporter have a well-established relations, plus there is a stable international market and a large number of competition abroad (Acharya & Ali 2010, 186). When this method of payment is utilized, the balance is to be paid within 30, 60 or 90 days. Additionally, the export may need a protection with credit insurance (Jimenez 2012, 110).

3.3.5 Transportation and documents related

The mode of transportation impacts the price, delivery speed and loss or damage risk directly in international trade. Normally large traders have their

own logistics departments and experienced staff in supply chain management. However, small traders are generally more rely on the international freight forwarders. The trader should precisely inform the forwarder of transportation obligation specified in the sale contract. Directions containing pickup location, delivery place, handling and loading costs and desired packaging amount need to be clearly illustrated. For exporter it is the safest to be fully insured against all the potential transport risks. (Jimenez 2012, 185.)

There are six basic transportation modes: water transport, rail transport, air transport, road transport, pipeline transport or multimodal transport. Each mode will be discussed separately in the following section.

1) Water transport

It is the oldest means of transportation and it carries more international trade than any other mode. The advantage of this transport mode is it has the ability to move large shipments. For oceans and great lakes use, normally deep-water vessels are used. While for rivers and canals use diesel-towed barges are used. The disadvantage of water transport is the shipment by water transport limits the range of operation and speed. (Bhatnagar 2009, 138.)

2) Rail transport

As road and air transport have grown for decades, rail transport has declined (Jimenez 2012, 204). However, transporting efficiently large tonnage over a long distance is the main reason why rail transport continues handling the important tonnage and revenue nowadays (Bhatnagar 2009, 138). Rail transport can cause a very high cost due to expensive equipment, switching yards and terminals for instance (Bhatnagar 2009, 138). Moreover, rail transport has much less flexibility compared to road transport concerning the total amount of shippers and consignees to be directly approached (Jimenez 2012, 204).

3) Air transport

Air transport is the latest but least used mode of moving goods. Its biggest advantage is its fast speed, which can save a lot of time for delivering the goods. Besides, the air transport decreases the risk of some certain goods to be exposed such as jewellery, art works and livestock. This type of transport is also suitable for goods such as newspapers, magazines and fresh products

like seafood. Air transport is seen as the second cheapest way to transport goods after highway in terms of fixed cost including cost for airplane purchase and specific handling system and cargo containers. However, variable costs of air freight is super high with respect to the cost for fuel, maintenance, labour in flight and ground crews. (Jimenez 2012, 201.)

4) Road transport

The total amount of vehicles involved in road is over than 80 million globally. One of the greatest advantage of road transport is that it can offer a door-to-door service without transshipment. When loading and unloading less specified equipment will be required. Articulated vehicles such as a truck can well-suited in roll-on roll-off ships, which offer a safe and easy move from land to sea or backwards. Except those advantages above, vehicles can carry 45 tonnes of goods although there might be a limited weight set by law. (Jimenez 2012, 203.)

Road transport is suitable for dealing with small shipments within short distances. This transport mode has relatively less fixed costs in terminal facilities in comparison with rail transport. The variable cost every mile for road transport is high due to a separate power unit and driver are needed for each trailer. Besides, labour are in high requirement due to driver safety limits and a need for dock labour. (Bhatnagar 2009, 138.)

5) Pipeline transport

Pipeline mode of transport works 24 hours for seven days a week without stop. It is only restricted if there is a commodity changeover or a maintenance need. Pipeline is the highest in fixed cost and the lowest in variable cost among all types of transportation. The fixed costs contain the cost of construction and needs for station controls, and the variable costs happen when there is a need to have pipeline constructed. As the pipeline is not flexible, the only products can be applied in this transport mode is gas, liquid, slurry or similar type of products. (Bhatnagar 2009, 140.)

6) Multimodal transport

Multimodal transport consists of two or more types of transportation, which chosen from transport of water, rail, air, road and pipeline. It is used in order to more effectively and rapidly move the goods.

Freight forwarder in international transport

1) General introduction of freight forward

In international trade community, freight forwarder act as agents or principals. They are the professional ones for arranging international shipping of goods. The types of using freight forwarders depend on the transportation. (Jimenez 2012, 191)

As an agent, the forwarder procures the third party's service, including packing, storage, transportation, handling and customs clearance. The forwarder introduces the principal to the service providers but the forwarder is not responsible for the errors of the service providers. (Jimenez 2012, 191)

While if a forwarder acts as a principal, it contracts with the importer or exporter. Forwarder in this context is the only one the customs will contact to. In addition, the forwarder is responsible for errors of the sub-contracted service providers. (Jimenez 2012, 191.)

2) Types of forwarders and its function

Non-vessel operation common carriers (NOVCC) are for assembling and grouping various shipments from different customs for full container loads, and lower freight rates can be attained. Some shipments are offer by seagoing vessels which do not belong to the consolidators. (Jimenez 2012, 191.)

Multimodal transport operators (MTO's) are carriers who conduct multimodal transport contracts and take the responsibility for the performance (Kindred & Brooks 1997, 165). MTO'S especially offer "door-to-door" services and their liabilities cover all functions including insurance, customs and so forth.(Jimenez 2012, 192.)

Customs brokers provide services for importers and exporters as intermediaries. They deal with customs declaration, other formalities, and pay duty and taxes on the behalf of their clients (Lowden 2013, 103). Customs brokers are normally bonded by banks or insurance companies and they, should be given clear directions and limits by traders in order to avoid unnecessary liability such as an unexpected fine. (Jimenez 2012, 192.)

Port agents incorporate the agent of sea port, airport or cargo terminal. They are the representatives of the shippers at the place in which the goods are moved from one transport method to another. (Jimenez 2012, 192.)

Air freight agents are for airlines shipment and they may also deal with the customs clearance for their clients. Besides, air freight agents may be given the right to issue waybills. (Jimenez 2012, 192.)

Road haulage brokers act as intermediaries between road carriers and shippers and they are paid by commission. (Jimenez 2012, 192.)

Loading brokers: they act as ship owners' agents in order to attain and deal with cargo shipments. Generally, the freight forwarders are on the behalf of the shippers, nevertheless, the loading brokers are on the behalf of the ship owners. (Jimenez 2012, 192.)

Below are listed documents needed for international shipping:

- Commercial Invoice is a bill for the goods sold comprising a specific description of the goods, address and identity of both importer and exporter, details about delivery and payment.
- Inspection certificate is a certificate issued by a reliable independent agency, which proves that the goods shipped comply with the sales contract. To see the sample of inspection certificate, please look at Appendix 3/4.
- Certificate of origin is a certificate issued by a local chamber of commerce showing in which country the goods were produced. Please check Appendix 3/5
- Insurance certificate is a proof showing the type and amount of insurance coverage. It is normally required for payment by letter of credit.
- Packing list is an extremely detailed list which illustrates the content, volume, weight and packaging for each individual export package. Please check Appendix 3/6 for packing list.
- Export licence is an official certificate issued by the exporter's government. It proves that the exporter has a permission to export the goods which approved.
- Consular invoice is an invoice on an official paper for all imported goods. This invoice is required in some countries and it is available for purchase

from a consulate in exporter's country. To see Consular invoice, please look at Appendix 3/7.

(Jimenez 2012, 193.)

Based on the nature of the goods Ryijypalvelu-RP Oy is willing to import, pipeline transport can not be adopted in this case. Additionally, rail transportation is not a good choice for importing a small quantity of wool yarns from China to Finland because of its disadvantages mentioned above. Among all the six types of transportations, the most suitable one for importing wool yarn from China to Finland should be the multimodal transport, which road transport, water transport and air transport should be taken into consideration in this case study. For instance, trucks are used to move the wool yarns onboard the vessels or airplanes in China and later to transport the wool yarns from the port to the destination named by Ryijypalvelu-RP Oy. If the company chooses CIF or CFR (see the next section), water transportation will be certainly applied according to the Incoterms rules. If the company chooses to use air for transporting the wool yarn from China to Finland, it will be a good alternative as it can help the company save a lot of time.

Incoterms 2010

Incoterms 2010 are developed by international Chamber of Commerce (ICC) and it is formed as a three-letter term. There are eleven Incoterm rules in total in Incoterms 2010 and they specify the responsibilities, transfer of risks and costs and tasks of the seller and the buyer in an international transaction.

(International Chamber of Commerce 2010, 121.)

The eleven trade terms are Ex Works (EXW), Free Carrier (FCA), Carrier Paid To (CPT), Carrier and Insurance Paid To (CIP), Delivered At Terminal (DAT), Delivered At Place (DAP), Delivered Duty Paid (DDP), Free Alongside Ship (FAS), Free On Board (FOB), Cost and Freight (CFR) and Cost, Insurance and Freight (CIF). Among them EXW, FCA, CPT, CIP, DAT, DAP and DDP are rules for any mode of transport, while FAS, FOB, CFR and CIF are rules for sea and inland waterway transport. (International Chamber of Commerce 2010, 123.)

Only terms used for the case of importing wool yarn from China to Finland are discussed in this thesis. Three types of Incoterms will be available in this case study.

CFR is used only for sea or inland waterway transport (International Chamber of Commerce 2010, 211). According to the rule of CFR, the seller delivers when the goods are loaded on board the vessel. The seller need to pay the cost for bringing the goods to the named port of destination. In addition, the seller is responsible for export clearance. And the risk passes to the carrier from the seller at the point of delivery. (Cook, Alston and Raia 2015, 507.)

CIF, which was mentioned earlier, is Ryijypalvelu-RP Oy's preference trade term in importing wool yarn from China to Finland (House 2015). CIF is only used for inland or sea waterway transport. The rule of CIF defines that the seller delivers the goods on board the vessel and is responsible for the cost of bringing the goods to the named place of destination (Cook, Alston and Raia 2015, 507). In addition, the seller contracts the insurance against the buyer's risk of loss or damage during carriage (Cook, Alston and Raia 2015, 507). Normally the insurance covers only a minimum amount of liability (International Chamber of Commerce 2010, 221). Besides, the seller is also responsible for export clearance. Last but not least, the risk passes at the point of delivery to the carrier from the seller (Cook, Alston and Raia 2015, 507).

As to EXW rule, the seller delivers the goods to the buyer at the seller's premises or at another named place. The seller has no need to make the export clearance and to load the goods on any collecting vehicle. The buyer bears all the risks involved in taking the goods from the agreed place of delivery. In this rule, seller is responsible for export clearance but not responsible for import customs issues. (Cook, Alston and Raia 2015, 507.)

Cargo Insurance and Incoterms

Shipments in international trade need to be insured against loss or damage on the way by cargo insurance. Importer or export may have the main responsibility to insure, depending on different Incoterms and insurance provisions. Some traders are offered insurance cover by their freight forwarder. Others may have an insurance cover with insurance companies, which cover

some shipments over a period of time agreed. The traders normally insure directly a shipment via marine, aviation or overland insurance rule. The insurance rule can be extended to cover the goods “warehouse-to-warehouse”. (Jimenez 2012, 205.) To see the cargo insurance, please check Appendix 3/8.

The premiums of insurance differ widely depending on the transport and the nature of the goods. An insurance cost for air transport is the lowest generally, while the highest is for long-distance road or rail transport. The lowest range is in the range of 0.3% of the goods value, however, the highest range can be up to 2%. Premiums range of sea shipment are between 0.6%- 0.7%. Among all the Incoterms, only CIF and CIP require insurance. The amount of coverage is 110% of the value of goods at least. (Jimenez 2012, 207).

3.3.6 Issuance of payment terms

Banks normally do not take part in when the seller and buyer deal with prepayment or credit terms, except dealing with a payment check, a bank wire or credit card payment. While bank participation in a documentary credit or documentary collection are crucial.

The buyer applies the issuance of a letter of credit from a bank. And the seller will be listed as the beneficiary (Hinkelman 2008, 8). The seller is named as the account party (Jimenez 2012, 26). The letter of credit contains documents which the seller must present, such as the inspection, insurance certificate, packing list, commercial invoice and so forth (Jimenez 2012, 26).

The importer asks the bank for a collection for a shipment to the exporter. The exporter furnishes the documentation to the importer, which the importer demands for importing the goods. The bank of the exporter transfers the documents to the bank of the importer which then asks for payments from the buyer for the documents in return. (Hinkelman 2008, 8.)

3.3.7 Confirmation of a letter of credit

When a letter of credit is issued, the issuing bank may ask the advising bank to add a confirmation on the letter of credit. After that, the advising bank will be the confirming bank and starts to pay the seller if all the terms and conditions of the letter of credit are abided by. (United Overseas Bank 2010.)

The letter of credit confirmation is normally needed if the exporter is not satisfied with the issuing bank's creditworthiness (United Overseas Bank 2010). As confirmation is an additional bank service, a fee should be paid to the confirming bank by the exporter (Jimenez 2012, 26).

When the confirmed credit is ready via the confirming bank's service, the exporter will be notified by the bank. The amount of credit and the documents needed for payment will be described precisely in the notice. The exporter should check carefully the notice and make sure that it complies with the document conditions and the credit be in line with any condition in the sale contract. (Jimenez 2012, 37.)

3.3.8 Shipment of the goods and present the payment document

The exporter does the preparation for shipment and give the instruction on the essential document of transport to the freight forwarder. After the goods have been shipped, a number of documents need to be presented under the credit to the confirming bank. The documents required are the bill of lading (see Appendix 3/9), commercial invoice, certificate of origin, certificate of inspection, consular invoice and packing list. (Jimenez 2012, 27.)

3.3.9 Customs

When a company from the EU is trading with another from a non-EU country like in this case, various issues of customs need to be taken into account. In this thesis, on the behalf of Ryijypalvelu-RP Oy. All useful information from Finnish Customs for importing wool yarn from China to Finland is explained below.

First of all, an EU customs code is needed during the procedure. The EU customs code secures the customs practices in the EU are uniform and transparent. The EU customs code covers the customs matters in trade with countries from outside of the EU. (European Commission 2015a.)

Then an entry summary declaration must be lodged by the carrier of the goods at the first customs office of entry to the EU territory. There is a deadline for lodging the entry summary declaration:

- Container maritime cargo: 24 hours at least before loading at the foreign port

- Bulk maritime cargo: 4 hours before arrival at least
- Short sea shipping: 3 hours before arrival at least
- Short haul flights (< 4 hours): by the time of airplane take-off
- Long haul flights (\geq 4 hours): 4 hours at least before arrival at the first airport in the EU customs
- Road transport: 1 hour at least before arrival

Next, when goods reach the customs office of the EU entry, they will be stored temporarily until they are assigned one of the customs approved treatments as listed below:

1) Release for free circulation

Goods will be released once all the applicable tariff duties, VAT and excise duties have been paid and all the applicable authorizations and certificates have been presented.

2) Entry into a free zone or warehouse

It is a unique area in the EU where goods can enter without paying customs duties, VAT, excise duties and other formalities until they are assigned packing by another customs.

3) Customs warehousing

Goods can be put in the storage, and duties, taxes and formalities stopped until goods are assigned approved treatment by another customs.

4) Inward processing

Goods can be imported into the EU to be processed by customs with no duties, taxes and formalities, and then re-exported out of the EU. The goods will be subject to the applicable duties and formalities if they are not exported in the end.

5) Transit procedure

When goods are transferred between customs office in different EU countries, customs formalities can be moved to the destination customs office.

6) Temporary importation

The goods can be imported into the EU without import duties payment, offered they are going to be re-exported. Temporary import time is 2 years at most. (European Commission 2015a.)

Declaration for import

According to the definition given by the Finnish Customs (2015), “import means bringing goods to Finland from a non-EU country in terms of customs procedures”. A declaration of goods to the Finnish Customs must be made for customs clearance before they can be taken into use. A declaration to the Finnish Customs can be made by yourself or a representative of yours.

There are three ways of submitting a customs declaration for importing goods from a non-EU country:

1) Online import service

Nowadays there is an easier way to declare the goods for import. Instead of visiting a customs office customers can submit an import declaration through the web address: <https://asiointi.tulli.fi/nettituonti/mainpage.html> (Finnish Customs 2015a). In order to declare the import goods, companies need to have KASTO IDs, which are made up of a user name, password and one-time password (Finnish 2015; Vero 2011). Cash customers can pay for the customs clearance fee via the web service once the clearance decision is concluded (Finnish Customs 2015a). When the taxes have been paid, the parcel will be delivered to the company or the nearest post office (Finnish Customs 2015a). Concerning customs clearance of freight consignment, a decision will be sent to the customer through the web service once the customer has paid for the taxes, after that the customer can go and pick up the goods from the cargo terminal (Finnish Customs 2015a).

2) SAD form

A customs declaration can be completed by using SAD form. SAD is short for Single Administrative Document. There are mainly three steps about how to submit a SAD form when declaring customs. Firstly, a customs declaration needs to be offered to the nearest customs office to the location of the goods.

Secondly, required documents such as invoice should be prepared well together with the customs declaration. Thirdly, a customs declaration can be made through Finnish Customs website and it can be copied on a self-copying paper. (Finnish Customs 2015a.)

3) Electronic EDI message

Authorization from Customs is needed if EDI declaration is going to be used. The data content of the declaration is quite similar to that of the SAD form.

There is a message exchange at this point. Message exchange means that standard formulated data is electronically transferred with EDI message between the company and Customs. There are two message of exchanges: one is message exchange through operator authorized by Customs and the other one is direct message exchange via the Internet with no operations. EDI declarants are those companies with a representative to be chosen to submit the declaration through message exchange. EDI senders are those companies, in which their declaration are submitted by message exchange from the data system of the company via an operator. (Finnish Customs 2015a.)

Furthermore, to complete the customs declaration, the following information is needed:

- 1) The commodity code of the goods, which can be found out in the European Commission TARIC database; in regards to import, the commodity code is comprised of 10 digits and plus possible 4 digits. (Finnish Customs 2015a & Finnish Customs 2015b.)
- 2) The import prohibitions and limitations in the destination of the goods imported; (Finnish Customs 2015a.)
- 3) An import licence before importing the goods; If the goods are under import limitations, they need to be shown together with the invoice and the customs declaration at the Customs. (Finnish Customs 2015a.)

Duties

When goods are imported from outside of the EU, there will be taxes imposed on the goods. Taxes contain the customs duties and value added tax. (Finnish Customs 2015c.)

Customs duty is based on the customs tariff code. The duty rate according to the customs tariff is imposed on goods from third countries besides preferential treatment, tariff quotas or tariff suspensions lower or remove the duty. Customs are generally calculated as a percentage of the customs value and customs value is based on the price payable for the goods and plus the transportation costs to the first entry point in the EU. (Finnish Customs 2015c.)

The Import VAT is calculated by multiplying the VAT basis by the applicable tax rate (24%, 14% or 10%). The VAT basis consists of the price payable of the goods, insurance costs, transport costs and other import related costs when the goods are imported in the territory of Finland. (Finnish Customs 2015c.)

TARIC database

Based on the requirements of Ryijypalvelu-RP Oy, the desirable wool yarn can be divided into two catalogues according to TARIC database:

http://ec.europa.eu/taxation_customs/dds2/taric/taric_consultation.jsp?Lang=en.

TARIC Consultation

The screenshot shows the 'TARIC Consultation' web interface. At the top, there is a blue navigation bar with the word 'Measure' highlighted. To its right are two tabs: 'Geographical area' and 'Regulation'. Below this is a search section titled 'Search for measures'. It contains two input fields: 'Goods code [Browse]' and 'Country of origin/destination'. Below these fields is a link for '[Advanced search]'. At the bottom of the search section is a blue button labeled 'Retrieve Measures'.

Figure 6. Database of TARIC (European Commission 2015b)

After having opened up the TARIC database (see Figure 6), the first step is to enter 51 as goods code and CN as country of origin. The next step is to click “retrieve measure” as shown in Figure 6 and afterwards information about textiles is displayed. Based on the nature of the products need to be imported, the goods code should start with 5106, which represents yarn of carded wool, not put up for retail sale. Furthermore, the yarn to be imported should be 100%

wool or 75% wool. Therefore, the goods codes should accordingly be 510620, meaning there is less than 85 % wool by weight in the yarn, and 510610 meaning there is 85% or more wool by weight in the yarn. Besides the VAT 24%, the only customs fees to pay is the third country duty, which is 4.00% for less than 85% wool yarn and 3.80% for 85% or more wool yarn. (European Commission 2015b.)

In addition, according to the regulation of European Commission, there is no import control on wool yarn so that it can be imported into the EU freely, except for products from Belarus, which are subject to checks or surveillance. The only restriction made by European Commission is on importing cat and dog fur. (European Commission 2015b.)

4. RESEARCH METHODOLOGY

Sources of information

Qualitative methods involve systematic, focused and orderly collection of data for attaining information from them, in order to solve a research problem or question. Qualitative research is defined as a mixture of the rational, explorative and intuitive research. Its focus is on a social process, where the researchers intent to have a well understanding from respondent's viewpoint. In qualitative research, data is often collected through interviews and observations. Analytical procedures are normally the techniques to form and analyze the data to reach the theories. (Ghauri & Gronhaug 2010.)

Primary data is normally used when secondary data are not available or cannot solve our research questions. There are several options for primary data collection. Generally there are observations, surveys, interviews and experiments to choose from. Our research problem and design decide what we should search for, ask for and collect. The biggest advantage of primary data is that they are collected for the particular project at hand. The main disadvantage is that collecting primary data is time-consuming and may cost much to collect. Another disadvantage is that the researchers wholly rely on willingness and ability of respondents. (Ghauri & Gronhaug 2010.)

In this research work, the information about Chinese suppliers of wool yarn was collected from interviews through e-mail and Message Centre of Alibaba.com. For details about the interviews, see Appendix 1/1-1/3.

5. THE CHINESE SUPPLIERS OF WOOL YARN

In this chapter information about the wool yarn business in Chinese market and selection of suppliers are going to be discussed.

5.1 Wool yarn business in Chinese market

In order to find out suitable wool yarn suppliers, it is necessary to understand the wool yarn market in China in general and get in touch with the potential ones based on the market research information.

Table 1. Chinese suppliers of wool yarn (China Commodity Net 2015)

Region by province	Amount of supplier
Jiangsu	96
Zhejiang	79
Shandong	47
Hebei	40
Guangdong	30
Shanghai	23
Neimenggu	12
Beijing	6
Fujian	3
Liaoning	3
Tianjing	3
Hainan	2
Shanxi	2
Anhui	1
Hunan	1
Heilongjiang	1
Ningxia	1

The data of Chinese suppliers of wool yarn are published on China Commodity Net, which belongs to Ministry of Commerce of Republic of China

(2015). The summary in Table 1 shows the amount of suppliers in 17 different provinces. The biggest amount of suppliers in China are in Jiangsu, Zhejiang, Shandong, Hebei, Guangdong, Shanghai, Neimenggu, Beijing, Fujian, Liaoning, Tianjing, Hainan, Shanxi, Anhui, Hunan, Helongjiang and Ningxia.

It was probably a good platform to look for suppliers of wool yarn on the website of China Commodity Net. However, the information of those companies published on that official website was not being updated for years. The data shown was not highly trustworthy. For example, many of them did not even have their own websites and other detailed information. Some of them had their own websites but many of those websites could not be opened up. It was difficult to identify whether they were still existing companies.

It was a failure to hunt for suppliers on that official website called China Commodity Net, however, in order to successfully find out the suitable suppliers from China I finally chose Alibaba.com of Alibaba Group as another option. One important reason for that option is that Alibaba.com has absolutely been one of the most popular e-commerce platforms in China as well as overseas in recent years.

Alibaba Group was established in 1999 in a city called Hangzhou. Since it started building its website to help Chinese businesses sell abroad, Alibaba Group has become an international leader in e-commerce. It offers not only online and mobile marketplaces in retail and wholesale trade but also cloud computing and other kinds of services. It enables its participants to conduct commerce with its goods technology and services. Alibaba Group runs various businesses, which contain Alibaba.com. (Alibaba Group 2015.)

The trademark of Alibaba.com is “Global trade starts here”. I started my search for international suppliers on its website <http://www.alibaba.com/> and a large number of categories of goods from all over the world were shown immediately after search. Details about how contacts between the buyers and the sellers were successfully carried out are specified below.

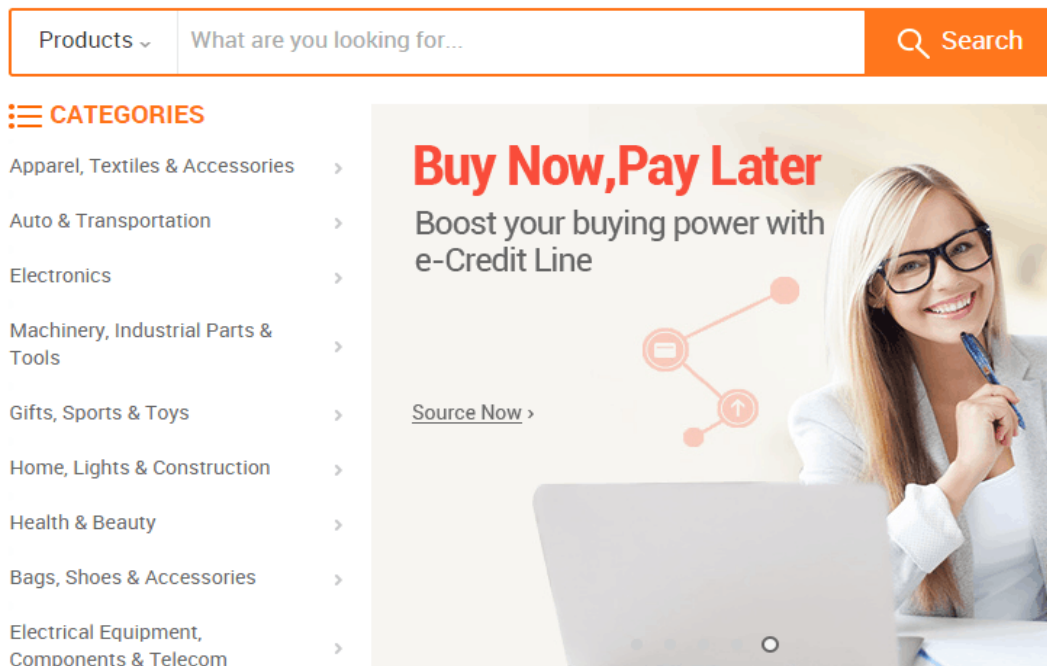


Figure 7. Homepage of Alibaba.com (Alibaba.com 2015a)

As shown in Figure 7, a registration for a member of Alibaba.com was demanded on the homepage of Alibaba. The purpose of being a member of Alibaba.com was to communicate with the suppliers online. After the registration had been completed a search for wool yarn was made. There were 141,126 suppliers in total who could offer wool yarn, however, not all of them were available. There was no response after I had sent out 10 messages through the Message Centre on Alibaba.com. By continuously contacting with suppliers, 19 replies from them were received. Based on the specification of the wool yarn given by Ryijypalvelu-RP Oy, three suppliers from China were finally selected for this thesis. Details about those three Chinese suppliers will be discussed in the following section. Information about the interviews with three Chinese suppliers, please see Appendix 1/1-1/3.

5.2 Selecting suppliers

There must be a criteria or multiple criterion when a company looks for a supplier. Supplier selection plays an important role in the whole selection process. Conventionally companies focus on only the price when they make their decisions on supplier selection. While there exists a big risk if there is

only one criteria for selecting an appropriate supplier. Thus multiple criterion, which not only contain the price, but also include the aspect of quality, capacity on services and finance, equipment, quantity, responsiveness, delivery and others when having a supplier selection.(Golinska & Kawa 2015, 7.)

In today's business, the consideration on those aspects mentioned above are not good enough as the purchasing process is more complicated than before. Golinska and Kawa (Humphreys 2006) state that nowadays more and more companies consider the environmental issue and the measurement of the environmental performance of the suppliers.

There are two criteria used for supplier selection. One is called quantitative environmental criterion and the other is called qualitative environmental criterion. Quantitative environmental criterion is connected to economic terms and qualitative environmental criterion focuses on intangible aspects such as company image.

The definitions concerning traditional supplier selection criteria and green supplier selection criteria are not the same. Thiruchelvam and Tookey (2011) defined that the most relevant criteria on the conventional supplier selection was based on price, delivery, quality, production equipments and capacity, while Nielsen et al (2014 quoted in Golinska & Kawa 2015, 7) stated that the green supplier selection criteria was based on environmental management system, green image, design for environment, green competences and environmental improvement costs.

The selected three Chinese suppliers of wool yarn will be separately introduced next:

1) Jaxing Yuzhu Textile Co. Ltd

Jaxing Yuzhu Textile Co. Ltd. is a professional manufacturer and trader, which is situated in Zhejiang Province of mainland China. It was founded in 2010 and started exporting since 2014. The number of employees in this company are between 11 and 50. Its main products include socks, underwear, tights and textile. Although it seems a relatively new exporter its business has already entered into the global as you can see from Table 2. (Alibaba.com 2015b.)

Table 2. The relations between its main market and total revenue of Jiaxing Yuzhu Textile Co. Ltd. (Alibaba.com 2015c)

Main market	Total revenue (%)
China	88.00
Oceania	2.00
Southeast Asia	2.00
North America	1.00
South Asia	1.00
Southern Europe	1.00
Northern Europe	1.00
Central America	1.00
Western Europe	1.00
Eastern Europe	1.00
South America	1.00

Table 2 indicates that the international market share takes only a relatively small part among its total, but as you can see its business has already spread across the world including Southeast Asia, Oceania, North America, South America, Europe and South Asia. Its main market of Jiaxing Yuzhu Textile Co. Ltd is in domestic, where 88% of its total revenue comes from. The revenue from Oceania and Southeast Asia are equally responsible for 2 % of its total. While each of the rest market in the global only takes up 1% of the total revenue. The total annual sales volume of Jiaxing Yuzhu Textile Co. Ltd. is less than US\$ 1 million.



Figure 8. Home page on the website of Jiaxing Yu Zhu Textile Co. Ltd. (Alibaba.com 2015d)

Figure 8 shows the homepage of Jiaxing Yuzhu Textile Co., Ltd. on Alibaba.com. Information of this supplier about the categories of its products, company profile and contact can all be found on that website.

One way to know about whether the suppliers are reliable or not is to check the company's profile published on Alibaba.com. For example, there is a subject called buyer interactions with the supplier. More details about the interactions between buyers and the company are as follows:

- Alibaba Member History
 - Year Joined: 2014
 - Membership Year: 2 Year Gold Supplier
- Response Rate (last 30 days): there are 84.4% of buyers who contacted this supplier received a response within 72 hours (includes response sent in Alibaba Trade Centre and TradeManager).
- Average Response Time (last 30 days): on average this supplier give responses to the buyers within 14 hours (only includes responses sent through Alibaba Trade Centre and Trade Centre within 72 hours).
- Quotation Performance (last 30 days): the supplier has sent out 31 quotes to the buyers in the last 30 days between May and June.

(Alibaba.com 2015e.)

Price of the wool yarn from Jiaxing Yuzhu Textile Co., Ltd.

Based on the requirement of wool yarn given by Ryijypalvelu-RP Oy, Jia Xing Yu Zhu has given me a quotation .In terms of 100% wool yarn, the FOB price to Shanghai is US\$19/kg and the EXW price is US \$18.80/kg. As to 75% wool plus 25% polyamide the FOB price to Shanghai is US \$ 13.85/kg and the EXW price is US \$13.65/kg. However, the FOB price cannot be used in this case because the minimum order quantity of the wool yarn from Jia Xing Yu Zhu Ltd. should be 100 kg per time while Ryijypalvelu-RP Oy needs to import 60kg of wool yarn per time. Usually 30% payment needs to be paid in advance and the rest of amount of payment needs to be done before the yarn is finished. (Jiaxing Yuzhu Textile Co., Ltd. 2015.)

Table 3. More information about the company Jaxing Yuzhu Co. Ltd. (Alibaba.com 2015c & Alibaba.com 2015f)

Accepted payment currency	USD, EUR, CNY
Accepted payment type	T/T, L/C, Credit Card, Paypal, Western Union, Cash, Escrow
Nearest port	Shanghai, Ningbo, Guangzhou
Language spoken	Chinese, English
Amount of employees in trade department	6-10 persons
Amount of employees in R&D department	Less than 5 persons
Average lead time	45 days
Export mode	Own export licence (See Appendix 1/2)
Export licence number	3300564421935

Table 3 indicates some more information about Jiaxing YuZhu Textile Co., Ltd. The information includes accepted currency and payment type for the transaction, the nearest port from this company, communication language available in the company, the company's export mode and licence number. The table also shows the number of company's employees in trade sector and R&D sector in Jiaxing Yuzhu and as well as company's lead time in trade.

2) Shanghai Hoyiatex Co. Ltd.

From its name it is clear to tell that this company is located in Shanghai, which is one of the most modern cities of mainland China. Company's good location makes it very convenient to offer its customer water, land and air transportation. This company was established in 2010 and that is the same year when it started exporting. The number of employees of Shanghai Hoyiatex Co. Ltd. vary between 11 and 50. (Alibaba.com 2015g.)

Shanghai Hoyiatex Co. Ltd. not only provides fancy wool yarns to the buyers of famous brand but also to those leading designers and manufacturers. Its main products are wool yarns, cotton yarns and acrylic yarns. The products are widely applied in knitting, woven, weaving, hand knitting and other types of use. (Alibaba.com 2015g.)

As one of the leading exporters in textile field, Shanghai Hoyiatex Co. Ltd. Has built up a good relationship with its customers from more than 40 different countries and regions in the world. It supplies a good quality of yarns with advanced spinning machines from Germany, Italy and so on. (Alibaba.com 2015g.)



Figure 9. Home page of the website of Shanghai Hoyiatex Co., Ltd. (Alibaba.com 2015h)

Figure 9 shows the home page of Shanghai Hoyiatex Co., Ltd. on the website of Alibaba.com. All information about this supplier containing its products,

company introduction and contact information are clearly described and can be easily found out.

Table 4. The relation between its main market and revenue of Shanghai Hoyiatex Co., Ltd (Alibaba.com 2015i)

Market	Revenue (%)
China	60.00
Northern Europe	15.00
Western Europe	8.00
North America	5.00
Eastern Europe	3.00
Central America	3.00
Eastern Asia	3.00
South America	2.00
South Asia	1.00

As shown in Table 4, the biggest international market of Shanghai Hoyiatex Co. Ltd. is in the north of Europe, which its revenue accounts for 15% of the total amount. Its market in west Europe is the second biggest among all the international markets, which represents 15% revenue. Moreover, revenues in Eastern Europe, Central America and Eastern Asia are equal, which takes up 3%. While revenue in South America and south Asia occupies for 2% and 1% accordingly. The total annual sales volume is between US \$ 50 million and US \$ 100 million.

Table 5. Additional information about Shanghai Hoyiatex Co. Ltd. (Alibaba.com 2015i & Alibaba.com 2015j)

Accepted payment currency	USD, EUR
Accepted payment type	T/T, T/L
Nearest port	Shanghai, Ningbo, Qingdao
Language spoken	English, Chinese, Japanese
Number of employees in trade department	6-10 people
Number of employees in R&D department	5-10 people
Average lead time	15 days
Export mode	Own export licence (see Appendix 2/2)
Export licence number	3100633481

More information about Shanghai Hoyiatex Co. Ltd. is illustrated above in Table 5. Information about its accepted payment currency and payment type, the nearest port from the company and the language available in the company are all shown. Moreover, information about the amount of its trade and R&D employees, its export mode and business lead time are also displayed in the table clearly as you can see.

Expect the important information mentioned above, additional information, which can also be taken into account for selecting suppliers is listed below:

- Alibaba History
 - Year joined:2014
 - Membership year: 1 year
- Response rate (last 30 days): 94.4% of the buyers received a reply from the suppliers within 72 hours, including the response in Alibaba Trade Message and TradeManager.
- Average response time (last 7 days): the supplier's response time of received inquiries is within 12 hours on average.
- Quotation performance: in the last 30 days the supplier has sent out 110 quotes to the buyers.

(Alibaba.com 2015k.)

Price of the wool yarn from Shanghai Hoyiatex Co. Ltd.

The minimum order quantity of wool yarns go with FOB from this supplier is 100 kg, which outnumbers the required wool yarns of Ryijypalvelu-RP Oy. Thus the quotations of using EXW, CIF and CFR instead of using FOB are given.

For 100% wool yarn, the EXW price is US\$ 18.6/kg, the CIF price is US\$ 21.235/kg and the CFR price is US\$ 21.23/kg. While the price of 75% wool yarn plus 25% polyamide is relatively lower than the 100% wool yarn. The price of EXW, CIF and CFR are accordingly US\$ 16.5/kg, US\$ 19.135/kg and US\$ 19.13/kg. The quotation given concerning CIF and CFR means the price to Helsinki. Additionally, 30% of the payment needs to be paid as a deposit and the rest of payment must be done before shipment. (Hoyiatex Co., Ltd. 2015.)

3) Huili Textile Co., Ltd.

Huili Textile Co., Ltd. is seated in the crucial city Bengbu of Anhui province in Eastern China. The company started its business manufacturing various kinds of yarns such as acrylic yarns, wool yarns, cotton yarns and so on since 2000 and it began to export its products from 2004. (Alibaba.com 2015l.)

Huili Textile Co., Ltd. is a big manufacturer, which occupies 30000 square metres with 150 experienced staffs. It has advanced equipment, in which the annual spinning spindles and the semi-spinning spindles reach 1500 tons and 5000 tons accordingly. (Alibaba.com 2015l.)

The company has built up a good relationship with its buyers all over the world. For instance, it has sold out its different types of yarns including the customized ones for its buyers in Germany, Switzerland, the USA, Russia, Australia, New Zealand and so on. Recent years it has made close cooperation with international companies such as Hemtex, NKD, Lincraft, DAISO and BIG W. Moreover, during the last several years, Huili Textile Co., Ltd. has been actively participating different trade international fairs, such as the Vietnam Yarn Exhibition in November 2009, Canton Trade Fair in October 2010, Russia Light Industry Exhibition in September 2011 and East China Fair in March 2012. (Alibaba.com 2015l.)



Figure 10: Home page of the website of Huili Textile Co., Ltd. (Alibaba.com 2015m)

Figure 10 shows the home page of the website of Huili Textile Co., Ltd. on Alibaba.com. Information about its products, company introduction and contact information can all be found out.

Table 6. The relation between the main market and revenue of Huili Textile Co., Ltd. (Alibaba.com 2015n)

Main market	Revenue (%)
Northern Europe	50.00
Eastern Europe	29.00
Western Europe	10.00
Southern Europe	10.00
North America	0.90
South America	0.10

Table 6 displays that Northern Europe accounts for most of the revenue. The second biggest revenue is from Eastern Europe, which represents 29% of its total. Both of the revenues from Western Europe and Southern Europe are 10% among all. While revenues from North America and South America only occupy a little part of all, which are 0.9% and 0.1% accordingly. The total sales volume of Huili Textile Co., Ltd. is between US\$ 5 million and US\$ 10 million. And its annual output value is between US\$ 10 million and US\$ 50 million.

Table 7. Additional information about Huili Textile Co., Ltd. (Alibaba.com 2015n & Alibaba.com 2015o)

Accepted delivery terms	FOB, CIF, EXW
Accepted payment currency	USD, EUR, AUD
Accepted payment type	T/T, L/C, MoneyGram. Western Union, Escrow
Nearest Port	Shanghai
Language spoken	English, Chinese
Number of employees in trade department	6-10 persons
Number of employees in R&D department	11-20 persons
Average lead time	60 days
Export mode	Own export licence (see Appendix 3/2)
Export licence number	3403960199

Table 7 shows more information about Huili Textile Co., Limited, including the accepted delivery terms, payment currency and method available. Moreover, it illustrates the nearest port from the supplier, the available languages, the number of employees in trade and R&D sectors, as well as the company's lead time, export mode and export licence number.

Besides the important information displayed above, the following information is also crucial for selecting a suitable supplier.

- Company history
 - Alibaba joined: 2011
 - Membership year: 5 years
- Response rate: in the last 30 days there were 50% of the buyers who had contacted the supplier received a reply within 72 hours. The responses include the message sent in Alibaba Trade Centre and TradeManager.
- Average response time: the supplier replied to the received inquires within 72 hours on average.

- Quotation performance: in the past 30 days one quote was sent out to the buyer from the supplier.

(Alibaba.com 2015p.)

Price of wool yarn from Huili Textile Co., Ltd.

The company quoted a price on 100% wool yarn. The minimum order quantity for their wool yarn is 100 kg, which is more than the quantity that Ryijypalvelu-RP Oy needs. The CIF price of 100% wool yarn is US\$ 13.8/kg, and the company will ship them by DHL, UPS or TNT etc. According to the company's rule, 30% payment will be paid in advance by Telegraphic transfer (T/T) and the balance payment needs to be done before shipment. (Huili Textile Co., Ltd. 2015.)

5.3 Recommendations for Ryijypalvelu-RP Oy

The results for exploring the suppliers from China are completed successfully. In total there are three companies which can offer the wool yarn to Ryijypalvelu-RP Oy. based on its requirements. Here are my suggestions based on my findings.

First of all, in terms of the experience that the three suppliers have, Huili is the most experienced one in exporting compared to YuZhu and Hoyia. It started exporting since 2004, while the latter two began their exporting business since 2014 and 2010 accordingly. Additionally, Huili has the largest floor area and employees compared to the other two.

The percentage of export products is different in those three companies. The amount of products for export of Yuzhu only takes up 1% to 10% and Hoiya's export products occupy 31% to 40% of all. However, the export rate of Huili is the highest among three, which represents 71% to 80%.

Moreover, based on the requirements of Ryijypalvelu-RP Oy for importing wool yarn, it clearly shows that CIF is the company's priority. While only Hoiya and Huili can offer the company a price with CIF. The product of Hoiya is more expensive than the one from Huili, which the 100% wool yarn costs US\$ 21.235/kg from Hoiya while the same one from Huili only costs US\$ 13.8/kg. If Ryijypalvelu-RP Oy wishes to use other Incoterms such as

EXW, CRF or FOB when importing wool yarn from China, Yuzhu and Hoyia would be good options.

In addition, to choose a trustworthy supplier is crucial in any business. Especially when doing business with a foreign trader, the extent of reliability can be one important thing to be considered. For example, we can take into consideration of the company's membership year, interactions with its customers, and other information published on Alibaba.com. Yuzhu's membership is 2 years and Hoyia's membership is only 1 year, and Huili has been a member of Alibaba for 5 years, which is the longest. However, Huili's response rate for its customers are the lowest, while the highest one is Hoyia which reaches more than 94% within a month.

Then, regarding the R&D capacity, Huili is definitely the best among these three suppliers. The amount of employees in R&D department is the largest. It is assumable that a company which is willing to have a sustainable development is relatively more reliable than the others. At least, it works harder on research and development for its future.

Above all, from my point of view Huili is the best supplier to choose in comparison with Yuzhu and Hoyia in terms all the aspects that were discussed earlier in the thesis and also in this section. It does not mean the other two suppliers are not suitable for Ryijypalvelu-RP Oy, but they are just not the best among the three suppliers. They are still good options for importing wool yarn, depending on the point of view of Ryijypalvelu-RP Oy.

Last but not least, to the companies which are looking for wool yarn suppliers and willing to import them from China, it is better to order a large quantity of products at a time because the target customers of those Chinese suppliers in textile field are companies who need to purchase a big amount of goods per time. There would be more suppliers available if the companies order a lot at one time. Nevertheless, importing 60 kg at once from China for instance may be not easy, it is still possible to find out an ideal one by spending more time and making more efforts.

6. CONCLUSIONS

The main objective of this thesis was to look for wool yarn suppliers in China and make a guidebook about importing the products to Finland from China for Ryijypalvelu-RP Oy. Since Ryijypalvelu-RP Oy has no trading experience with Chinese businessman, it was an excellent idea to help the company search for trading partners in China.

To find out the procedure of importing wool yarn from China to Finland, firstly I did a theory review on international trade, emphasizing on importing from the perspective of a small business. Aspects needed in importing were discussed, including all the documents, issues in regards to customs, transportations, payments, regulations and restrictions. Besides, the main steps in importing were listed and explained as well.

In order to achieve research objectives, method of research was chosen to be qualitative, which was on the basis of subjective analysis of behavior, attitude and opinions. Primary data and secondary data were collected from books, sources on the scientific databases and e-mail interviews. E-mail interviews were completed with three wool yarn suppliers from China and a sales person of Ryijypalvelu-RP Oy.

At the beginning I tried to look for supplies on an official website of Ministry of Commerce of China. Unfortunately the information of textile companies published on there were not useful. But finally I got to a right platform which was able to offer numbers of textile suppliers called Alibaba.com. I started contacting the textile companies by sending out 10 inquires through e-mail and also Message Centre on Alibaba.com. Nobody answered me at the very beginning, while I received 19 responses in the end after I had continued messaging textile companies. Among all the companies who replied me, three were selected for this thesis as they could supply the wool yarn in accordance with the needs of Ryijypalvelu-RP Oy. They were Jiaxing Yuzhu Textile Co., Ltd., Shanghai Hoyiatex Co., Ltd. and Huili Textile Co., Limited.

According to the regulation of the EU, it is clear that trading with China is relatively more complicated than trading with an EU country. More documents are needed, such as in relation with customs issues. In addition, costs may be needed more on importing to the EU from a non-EU country. For instance, the

costs on transportation may be much higher due to a long distance shipping. Moreover, there will be more risks such as legal risks, payment risks, quality risks, transport risks, exchange risks and political risks and so forth.

Although importing from China to the EU seems complex, a good business relationship with Chinese trader is worthy building up because the country has been becoming better and better and a lot of opportunities are out there for people who are willing to grasp.

The thesis work is not only implemented for commissioner Ryijypalvelu-RP Oy, but it can be also used by those companies which are willing to look for exporters from China in the future. The research findings can be used as a guidebook and give an understandable instruction to readers. Furthermore, the thesis helps me better understand the knowledge of how a practical import should be done. The experience that I have gained from this research work may be applied in the future working field concerning import or export.

7. SUGGESTIONS FOR FUTURE STUDIES

The suggestions are given to those who want to research this subject further and attain more detailed cooperation proposals. I would like to suggest people go to China and participate textile trade fairs in order to have better communications with the potential trading partners face to face. I believe it is a better way to get to know the companies and their products well. In addition, people could send the product samples from the commissioners to the potential suppliers by post to let them test whether they could provide the best suitable products the commissioners are willing to obtain. While those means may be costly, they will be worthwhile for conducting an excellent research.

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INTERVIEWS WITH SUPPLIERS VIA E-MAIL

Response from Huili Textile Co., Ltd.

monica wang 2015-05-05 12:53

Hi Meng

Nice to know you here ,Well noted for your requirement for the wool yarn .
As you know ,we have a wide range of wool yarn with different quality here ,Different price .

Could you advise the quality of the wool you want ,such as micron ?so that we could quote you the price based on the quality .

Looking forward your early reply .

Thanks a lot

My inquiry to Huili Textile Co., Ltd

Mengyuan Xu 2015-05-23 21:42 Read

Hello Monica

What about the method of payment?If we order,which way is acceptable for paying you?

I look forward to hearing from you soon.

Best Regards
Mengyuan

Response from Huili Textile Co., Ltd.

monica wang 2015-05-28 04:53

Dear Mengyuan

As usual 60KG too less for mass production ,this yarn need to shipment by DHL,UPS,TNT etc,Which is expensive ,Freight USD7.0/KG
Total value US\$13.8*60KG+US\$7.0*60KG=US\$1248

pls kindly check and advise your comments .

Thanks a lot

EXPORT LICENCES OF THREE CHINESE SUPPLIERS OF WOOL YARN

Export licence of Jiaxing Yuzhu Textile Co., Ltd.

对外贸易经营者备案登记表

备案登记表编号: 01864979

进出口企业代码: 3300564421935

经营者中文名称	嘉兴迪竹纺织品有限公司		
经营者英文名称	JIAXING YUZHU TEXTILE CO.,LTD		
组织机构代码	564421935	经营者类型 (由备案登记机关填写)	有限责任公司
住所	嘉兴市秀洲区新中禾广场901室		
经营场所(中文)	嘉兴市秀洲区新中禾广场901室		
经营场所(英文)	Rm 901,Zhonghe Plaza,New Xiuzhou District, Jiaxing, Zhejiang, China		
联系电话	0573-82765382	联系传真	0573-82765383
邮政编码	314031	电子邮箱	bestsocks@163.com
工商登记注册日期	2010-11-5	工商登记注册号	330402000073991

依法办理工商登记的企业还须填写以下内容

企业法定代表人姓名	江建萍	有效证件号	330402197404233023
注册资金	伍拾万元		(折美元)

依法办理工商登记的外国(地区)企业或个体工商户(独资经营者)还须填写以下内容

企业法定代表人/ 个体工商户负责人姓名		有效证件号	
企业资产/个人财产			(折美元)

备注	
----	--

填表前请认真阅读背面的条款,并由企业法定代表人或个体工商户负责人签字、盖章。

备案登记机关

签章

专用章

2015

年 01 月 14 日

(嘉兴秀洲)

Export licence of Shanghai Hoyiatex Co., Ltd.

对外贸易经营者备案登记表

备案登记表编号: 00783172

进出口企业代码: 3100550054046

经营者中文名称	上海昊雅纺织品有限公司		
经营者英文名称	SHANGHAI HOYIA TEXTILE CO., LTD		
组织机构代码	550054046	经营者类型 (由备案登记机关填写)	私营有限责任公司
住所	青浦区青赵公路1790号3号楼2315室		
经营场所(中文)	中国上海市莘建路228号1号楼603室		
经营场所(英文)	Room 603, Tower 1, NO. 228 XinJian Road, ShangHai China		
联系电话	021-54942192	联系传真	021-51901962
邮政编码	201100	电子邮箱	hoyia@hoyiatex.com
工商登记注册日期	2010-1-25	工商登记注册号	310229001438173

依法办理工商登记的企业还须填写以下内容

企业法定代表人姓名	李辉	有效证件号	341224198206288511
注册资金	壹佰万人民币		(折美元)

依法办理工商登记的外国(地区)企业或个体工商户(独资经营者)还须填写以下内容

企业法定代表人/ 个体工商户负责人姓名		有效证件号	
企业资产/个人财产			(折美元)

备注	
----	--

填表前请认真阅读背面的条款,并由企业法定代表人或个体工商户负责人签字、盖章。



2010

年 月 日

Export licence of Bengbu Huili Textile Co., Ltd.

对外贸易经营者备案登记表

备案登记表编号: 00574387

进出口企业代码: 3400713990446

经营者中文名称	蚌埠市惠利纺织有限责任公司		
经营者英文名称	Bengbu City benefits textile limited liability company		
组织机构代码	713990446	经营者类型 (由备案登记机关填写)	有限责任公司
住 所	蚌埠市淮上区工业园双墩路西侧		
经营场所 (中文)	蚌埠市淮上区工业园双墩路西侧		
经营场所 (英文)	District Huar Bengbu City on the west side of Industrial Park Shuangdun Road		
联系电话	0552-2830968	联系传真	0552-2830370
邮政编码	233000	电子邮箱	bbhltz@163.com
工商登记注册日期	2000-3-27	工商登记注册号	340300000042388(1-1)

依法办理工商登记的企业还须填写以下内容

企业法定代表人姓名	江文林	有效证件号	340303195403080217
注册资金	壹佰万元		(折美元)

依法办理工商登记的外国(地区)企业或个体工商户(独资经营者)还须填写以下内容

企业法定代表人/ 个体工商户负责人姓名		有效证件号	
企业资产/个人财产			(折美元)

备注	
----	--

填表前请认真阅读背面的条款。并由企业法定代表人或个体工商户负责人签字、盖章。



Sample of standby letter of credit

**SAMPLE STANDBY LETTER OF CREDIT TO BE ISSUED
ON OFFICIAL BANK LETTER HEAD**
**IRREVOCABLE STANDBY LETTER OF CREDIT
[Number of LOC]**

[Date]

Beneficiary:
Dane County
Department of Land & Water Resources
Land Conservation Division
1 Fen Oak Ct., Room 208
Madison, WI 53718

Applicant:
[Name of applicant]
[First line of address]
[Second line of address]
[Third line of address]

Amount:
[Amount of LOC]

We hereby establish our Irrevocable Standby Letter of Credit [Number of LOC] in your favor and authorize you to draw on us, for the account of [Name of applicant] up to an aggregate amount of [Amount of LOC].

In accordance with Dane County Ordinance 14.49(2)(i), this Letter of Credit is issued in connection with an application for an erosion control or stormwater management permit.

Payment under this Letter of Credit is available by your draft at sight, drawn on [name and address of bank] to be accompanied by original beneficiary's statement purportedly signed by an authorized representative of Dane County, Land & Water Resources Department certifying that:

"Applicant has failed to complete proposed work in a manner sufficiently consistent with the approved plan, and the amount drawn is required to complete the unfinished or unsatisfactory work."

Partial drawings are allowed.

This Standby Letter of Credit sets forth in full the terms of our undertaking which shall not in any way be modified, amended, amplified or limited by reference to any document, instrument, or agreement, whether or not referred to herein.

This original Standby Letter of Credit must be submitted to us together with any drawings hereunder for our endorsement of any payments effected by us and/or for cancellation.

All drafts must be marked *"Drawn Under [Name of bank, address of bank and number of LOC]."*

This Letter of Credit shall be deemed automatically extended without amendment for one year from the expiration date hereof or any future expiration date unless at least sixty (60) days prior to any expiration date, we notify beneficiary in writing by certified mail or

Sample of letter of credit

LETTER OF CREDIT
(Non-Negotiable)

Date:
Credit No.:

Beneficiary:
(Name and Address)
XYZ LIMITED.
OLD GOLD STREET,

Amount:
(\$100,000)

Applicant/Facility:
Expiry Date:

Dear Sir,

We hereby issue in your favor this documentary credit which is available by negotiation of your draft at sight drawn on (NAME OF FINANCIAL INSTITUTION), accompanied by the following documents in duplicate unless otherwise specified:

Beneficiary's signed statement certifying as follows:

(1) The amount of the drawing represents the claim or claims filed with the Beneficiary against the Applicant by any consumer who suffers or sustains any loss or damage by reason of closing or bankruptcy of the Applicant; (2) the Beneficiary has received notice that the letter of credit is due to expire and will not be renewed, and the Applicant has not replaced the letter with other security acceptable to the Beneficiary; or (3) the amount of the drawing represents expenses of the Beneficiary in accordance with Md. Com. Law Code Ann. §14-12B -02(f).

SPECIAL CONDITIONS

This letter of credit is deemed automatically extended without amendment for one year from the present or any future expiration date unless at least 45 days prior to expiration date the Consumer Protection Division, Office of the Attorney General, receives notice that (NAME OF FINANCIAL INSTITUTION) elects not to consider this letter renewed.

We hereby engage with you that drafts drawn and negotiated in conformity with the terms of this credit will be duly honored on presentation and that drafts accepted within the terms of this credit will be duly honored.

(Name and Signature of Financial
Institution)

Sample of inspection certificate

	United States of America Department of Homeland Security United States Coast Guard		Certification Date: 26 Jan 2008	
			Expiration Date: 26 Jan 2011	
IMO Number:				
<h1>Certificate of Inspection</h1>				
Vessel Name: TEXAS TEASE				
Vessel Name	Official Number	Call Sign	Service	
STAR SPIRIT	1030377	WBT5857	Passenger (Inspected)	
Home Port	Material	Displacement	Propulsion	
HOUSTON TX	FRP (Fiberglass)	1160	Diesel Reduction	
Place Built	Delivery Date	Old Year Built	Stow Tons	Net Tons
ELMORE AL, UNITED STATES	20Dec1995	01Dec1994	R-00	R-02
			1	1
Owner	Operator			
LAKE LIMO LP 280 GROVE RD KEMAH TX 77565	STAR FLEET, INC. 280 GROVE RD. KEMAH TX 77565			
This vessel must be manned with the following licensed and unlicensed personnel, included in which there must be 0 certified lifeboatmen, 0 certified tankermen, 0 HSC type rating, and 0 GMDSS Operators.				
1 Master	Master & 1st Class Pilot	Radio Officer(s)	Chief Engineer	Deck Rating
Chief Mate	Mate & 1st Class Pilot	Able Seaman/POCANN	1st Asst. Engr/2nd Engr	Others
2nd Mate/OCNW	Lt. Mate/OCNW	Ordinary Seaman	2nd Asst. Engr/3rd Engr	
3rd Mate/OCNW	1st Class Pilot	2 Deckhands	3rd Asst. Engr.	Lic. Engr.
In addition, this vessel may carry 105 passengers, 0 other persons in crew, 0 persons in addition to crew, and no others. Total persons allowed: 108				
Route Permitted and Conditions of Operation:				
---Lakes, Bays, and Sounds---				
limited to warm waters.				
If the vessel is away from the dock, or passengers are on board or have access to the vessel for a period exceeding 12 hours in a 24 hour period, an alternate crew shall be provided.				
A maximum of 25 passengers may be permitted on the upper deck.				
One child size life preserver shall be carried for each passenger weighing less than 80 pounds.				
SEE NEXT PAGE FOR ADDITIONAL CERTIFICATE INFORMATION				
With this inspection for Certification having been completed at HOUSTON, TX, the Officer in Charge, Marine Inspection, Sector Houston-Galveston certified the vessel, in all respects, is in conformity with the applicable vessel inspection laws and the rules and regulations prescribed thereunder.				
Annual/Periodic/Quarterly Reinspections				This certificate issued by:
Date	Zone	A/P/Q	Signature	
-	-	-	-	G. J. PAITL, CDR, USCG, BY  Officer in Charge, Marine Inspection Sector Houston-Galveston Inspector Zone
-	-	-	-	
-	-	-	-	
-	-	-	-	


Sample of certificate of origin

ANNEXURE – III


4. Tariff Classification		5. Description and quantity of the good (s)		6. Invoice	7. Origin Criterion	8. Country of Origin
						INDIA
<p>9. Certifying person on entity. I declare that the information on this document is complete and accurate, I assume the responsibility to inform, in writing to all persons to whom the certificate was given of any changes that could affect the accuracy of validity of this certificate. This certificate consists of _____ Pages, including all its annexes.</p> <p>(Name and Signature)</p>				<p>10. Importer's Declaration. I declare that the information on this certificate is true and accurate, and I assume the responsibility for proving such representations, I understand that I shall be liable for any false statements of material omissions made on or in connection with this document. I agree to maintain and present upon request of the competent authority information, documentation and necessary proof to support this certificate and to inform such authority in writing of any changes that could affect the accuracy or validity of this certificate.</p> <p>(Name and Signature)</p>		
<p>11. Foreign authority of organization I declare that I have seen sufficient information documents and proves, to the best of my knowledge, to guarantee that information on this certificate is true and accurate.</p> <p style="text-align: right;">LAGHU UDYOG BHARATI NEW DELHI, INDIA</p>						

Sample of consular invoice

SHIPPER'S INSTRUCTIONS TO ARRANGE FOR SHIPMENT OF GOODS

From Shipper ("The Customer")		To The Agent		Export Licence No.	
Business s Tel. No.		 SAN TAI DISTRIBUTION CO., LTD. 8/F, Allied Cargo Centre, 150-160 Texaco Road, Tsuen Wan, N.T., Hong Kong. Tel : 2408 0282 Fax : 2408 0319 / 2408 0362 E-mail : std@santai.com.hk Website : www.santai.com.hk		Cert. of Origin No.	
Consignee					
Notify Party		Airfreight Charges: <input type="checkbox"/> To be prepaid <input type="checkbox"/> To be collected (if service available)			
		Other Charges <input type="checkbox"/> To be prepaid <input type="checkbox"/> To be collected (if service available)			
		Country of Origin (Goods):			
MAWB No.		HAWB No.		Special Instructions:	
Name of Carrier		Departure Airport			
Destination		Airline Counter-Signature <input type="checkbox"/> Yes <input type="checkbox"/> No			
Marks Nos.; No. and Kind of Packages; Description of Goods			Gross Weight		Measurement
Specify Currency:	Declared Value for Customs	Declared Value for Carriage	Insurance Amount	Shipper's C.O.D.	
Documents to Accompany Airwaybill or House Airwaybill					
Packing List <input type="checkbox"/> ; Commercial Invoice <input type="checkbox"/> ; Certificate of Origin <input type="checkbox"/> ; Consular Invoice <input type="checkbox"/>					
<p>The Agent acknowledges receipt of the above instructions from the Customer. This acknowledgement does not constitute an acceptance of the instructions by the Agent. Acceptance of the instructions will be made by way of the issue of the Agents House Air Waybill, House Airbill, Air Consignment Note or the Air Carrier's Air Waybill or other such similar documents.</p> <p>Where goods or documents are delivered to and accepted by the Agent before the Agent accepts the Customer's instructions, no liability whatsoever for such goods or documents will be accepted by the Agent. If, however, the Agent is held to be liable, all the provisions of limitation of liabilities specified in the Conditions of Contract overleaf will apply. The Customer shall reimburse the Agent with all expenses and costs incurred and will indemnify the Agent for all losses and liabilities howsoever caused.</p> <p>Signature and stamp</p> <p>Date: _____ (Month/Day/Year)</p>			<p>SHIPPER'S DECLARATION</p> <p>1. The Customer declares that all descriptions, values and other particulars furnished herein are accurate and complete. The Customer undertakes to indemnify the Agent against all losses damages expenses fines and other liabilities whatsoever arising from any inaccuracy or omission, even if such inaccuracy or omission is not due to any negligence.</p> <p>2. The Customer declares that pursuant to Condition 15 of the Conditions of Contract overleaf it shall be responsible for all charges and expenses relating to the goods whether or not the charges and expenses are to be prepaid or collected.</p> <p>3. The undersigned authorized officer of the Customer hereby declares that he read the Conditions of Contract overleaf and the terms and conditions appearing on this page and that he fully understands them and agrees on behalf of the Customer that they should form part of the contract which, upon acceptance to the above instructions by the Agent, will be concluded between the Customer and the Agent.</p> <p>Signatory's Name in Block Letters</p> <p>Signature and Stamp</p> <p>Date: _____ (Month/Day/Year)</p>		

Sample of cargo insurance

BAOVIET INSURANCE		
 Head Office: 20 Hai Ba Trung St, Hanoi, Vietnam Tel: (84-4) 903 4163 Fax: (84-4) 935 4164 ISO 9001:2000		
ORIGINAL		
Tel: 048254922, 8246971 Fax: 048257339		
CARGO INSURANCE POLICY		
No. VP.018.HX.08.HD257		
THIS POLICY OF INSURANCE witnesses that in consideration of a premium, as agreed, being paid to Baoviet Insurance by the Assured for own account or the Assignee or others, the Insurer makes insurance on the following goods, subject to the General Conditions of Marine Cargo Insurance as printed overleaf and the condition and/or clauses as specified hereinafter or annexed hereto or written hereon:		
NAME OF ASSURED IMPORTADORA VALENCIA S.A. SPAIN		
Name and/or No. of Vessel/Flight : NAN FENG CHAN 4620E	Documentary Credit (L/C) No. 0615314679800 REF NUMBER EXP 3/21	
B/L No. 8HPHVLC410848	Contract No. 01/PNHE/2008	
From : HAIPHONG PORT IN VIETNAM	To: VALENCIA PORT, SPAIN	
Sailing on or about:	15/03/2008	
Subject Matter Insured: 424 BUNDLES = 83,716 PCS BAMBOO BASKETS NW: 5,512 KGS; GW: 6,360 KGS IN 01X40' GP CONTAINER		
Sum Insured: 110%CIF: USD 23 195.30	Premium	VAT
Premium Rate:	Total Amount:	
Conditions or special coverage COVERING INSTITUTE CARGO CLAUSES (A) (1.1.82) PLUS SRCC, WITHOU FRANCHISE. CLAIMS MUST BE PAYABLE IN TO THE ORDER OF APPLICANT, STATING AGENT'S COMPANY REPRESENTATIVE IN SPAIN		
In the event of loss or damage apply for survey to MACDREWS S.A. DOCTOR JUAN JOSE DOMINE No1-4 46011 VALENCIA SPAIN TEL: (34)-96 3241400; FAX: (34)- 96 3241401 Claim payable in VALENCIA SPAIN By BAOVIET INSURANCE COPORATION		
Issued in Ha Noi on 15/03/2008 BAOVIET INSURANCE CORPORATION HEAD OFFICE		
 <i>Phạm Anh Tuấn</i>		
<div style="border: 1px solid black; padding: 5px; width: fit-content;"> In case of loss or damage please refer to the "IMPORTANT" notice printed on the back hereof and act accordingly </div>		

<http://exportvietnam.googlepages.com/>

Sample of bill of lading

Bill of Lading

TRAILER/CAR NUMBER: _____
 BILL DATE: _____

TO	FROM
Consignee	Shipper
Street	Street
Destination	Origin
City/State/Zip	City/State/Zip
Route:	Special Instructions:

FOR PAYMENT, SEND BILL TO	SHIPPER'S INSTRUCTIONS
Name	
Company	
Street	
City/State/Zip	

NO. SHIPPING UNITS	TIME	DESCRIPTION OF ARTICLES SPECIAL MARKS & EXCEPTIONS	WEIGHT	RATE	CHARGES

REMIT C.O.D.	C.O.D. AMOUNT: \$	C.O.D. FEE PREPAID <input type="checkbox"/> COLLECT <input type="checkbox"/>
TO: ADDRESS:	If this shipment is to be delivered to the consignee without recourse on the consignor, the consignor shall sign the following statement: The carrier shall not make delivery of this shipment without payment of freight and all other lawful charges. _____ (Signature of Consignor)	TOTAL CHARGES \$
NOTE: Where the rate is dependent on value, shippers are required to state specifically in writing the agreed or declared value of the property. The agreed or declared value of the property is hereby specifically stated by the shipper to be not exceeding \$ _____ per _____		Freight Charges are collect unless market prepaid CHECK BOX IF PREPAID <input type="checkbox"/>

RECEIVED subject to the classifications and tariffs in effect on the date of the issue of this Bill of Lading, the property described above in apparent good order, except as noted (contents and condition of packages unknown), marked consigned and destined as indicated above which said carrier (the word carrier being understood through this contract as meaning any person or corporation in possession of the property under the contract) agrees to carry to its usual place of delivery as said destination. If on its route, otherwise to deliver to another carrier on the route to said destination. It is mutually agreed as to each carrier of all or any of said property, over all or any portion of said route to destination and as to each party at any time interested in all or any said property, that every service to be performed hereunder shall be subject to all the Bill of Lading terms and conditions in the governing classification on the date of shipment. Shipper hereby certifies that he is familiar with all the Bill of Lading terms and conditions in the governing classification and the said terms and conditions.

Shipper	Carrier
Per	Per _____ Date: _____

Mark with "X" or "RQ" if appropriate to designate Hazardous Materials Substances as defined in the Department of Transportation Regulations governing the transportation of hazardous materials. The use of this column is an optional method for identifying hazardous materials on Bills of Lading 172.201(a)(1) (iii) of Title 49, Code of Federal Regulations. Also when shipping hazardous materials, the shipper's certification statement prescribed in section 172.204(a) of the Federal Regulations, as indicated on the Bill of Lading does apply, unless a specific exception from the requirement is provided in the Regulation for a particular material.