



# 4 questions you need to ask your supplier when you're importing

Plus the ultimate importing checklist



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International trade is nothing like domestic trade. Importing and exporting come with their own rules, regulations, and policies, making it easy to get lost in industry jargon. For instance, agreeing to the wrong International Commercial Terms (Incoterms) regularly causes confusion.

The intricacies of cross-border trade are a key reason small businesses avoid importing. According to the US Census Bureau's Department of Commerce, small business importers only accounted for less than a third of the known import value in 2018. Importing is a critical way to expand your business, however. It can help you reduce manufacturing costs, introduce new products to market, or find higher-quality goods at lower prices.

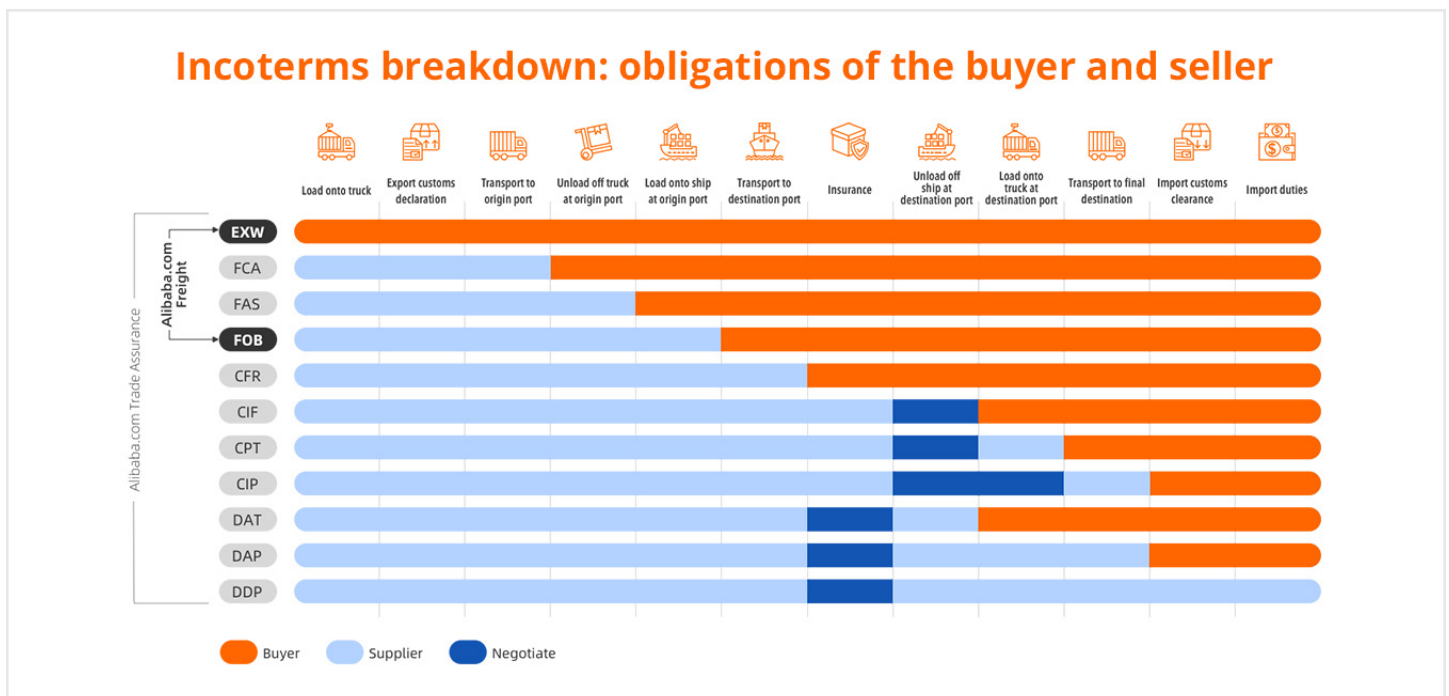
The questions you ask your supplier have a huge impact on the price and quality you get. But did you know these questions also impact how vulnerable you are to additional costs during the import process? Here are the most important questions you should be asking your suppliers when sourcing and importing.

## 1. What are your unit costs based on the specific trade term?

This is what differentiates experienced B2B international buyers from novices. Incoterms, or "trade terms" provide one universal definition for a series of tasks and responsibilities/liabilities for the shipment of the goods. They determine your shipping costs and will impact total product cost. Incoterms are the foundation of your contract with a supplier.

When a supplier spends time and energy arranging shipping and transportation, it can add up when you're ordering large quantities. For example, Buyer-driven Incoterms like FOB, FCA, or EXW allow you to have more pricing control and transparency, but that also means you assume more risk. It's important to understand what these trade terms all mean so you can pick the one that works best for you based on control, risks, costs, and responsibilities.

Asking this question will help you get a full idea of your landed costs, which includes shipping cost, customs brokerage, manufacturing cost, and more.



**HS CODE HACK: Go to a search engine and type the name of your product, plus “Alibaba.com HS Code.” Many suppliers list the code within their product description. It’s not always the exact code you need, but a helpful guide to check.**

## **2. What HS Code and certifications do I need for my product?**

HS Codes, or Harmonized System Codes, are part of a standardized international system to classify globally traded products. Duties and taxes are assessed based on origin of the product, commercial value of shipment, detailed product descriptions, HS Codes, and country trade agreements and tariff schedules. So regardless of which Incoterm you use, it’s important to figure out HS Codes for your product. Not only do they impact your landed cost because duties and taxes are always part of the equation, but they also impact the requirements that partner government agencies such as the FDA, EPA, CPSC, or fish and wildlife services will impose on the importers.

An HS Code is a six-digit number your supplier should already know if the product has been exported before. These are important because they are universal - whether you’re importing to the US or Singapore, these codes are the same. Each country then breaks the classification down further by adding two to six digits, which is called the HTS Code, or Harmonized Tariff Schedule.

At the end of the day, you as an importer are always responsible for ensuring product certification compliance when bringing the products in. You should never just rely on your supplier. Ask if they can provide previous test reports to prove they’re complying with the standards, and data

sheets that impact shipping options. We recommend always working with a customs broker to make sure you have the right documentation and certificates to be compliant and avoid headaches, delays, and even fees down the road.

## **3. How are you packaging this? And how big is the actual packaged shipment?**

It may sound basic, but you want to make sure you get a packing list and the total weight and volume regarding the product you’re shipping. It has a significant impact on the total cost across your supply chain - from pickup, main freight from port to port, and finally when you’re fulfilling your orders to your customers. The total landed cost all starts with the packaging.

This especially matters when it comes to air shipping and express shipping, where volumetric weight (or the equivalent weight from a volume standpoint that your shipment takes up) is how the airlines and express providers will calculate the weight you’re responsible for.

This all impacts the quality in which your goods are packaged, which bears relevance for how it’s stored, how it’s kept in the warehouse, and what is the chance that your end product will be delivered to your end customers in a high-quality fashion.

**30% or more of unintended shipping charges stem from additional weight or volume that came up due to poor or incorrect packaging.**

#### **4. When will my product be ready to ship?**

Every customer -- this is something that comes up for every single customer, because there are a lot of consequences of this question.

First, it impacts your cash flow. Depending on the supplier, you may need to pay a certain amount, up to 100%, prior to your goods shipping. There's a direct consequence between how much cash you need to pay your supplier and when you need to pay them, and when the shipment is actually produced. This cash flow timing is very important - especially for entrepreneurs and small businesses.

When you'll be able to ship is also an important question that helps you calculate the lead time between production and when you will get that product out to your final customers. Always give yourself extra time at each step, in case something unexpected occurs.

#### **Let an expert take care of the entire process for you.**

If this all sounds daunting, there is an alternative to taking care of every detail and asking every question yourself. **Alibaba.com Select** is an end-to-end PPE sourcing service powered by Alibaba.com - one of the largest B2B ecommerce platforms in the world. Alibaba.com provides this service by tapping into its superior supply chain networks that provide reliable delivery services, payment and order protection, inspection, and more. You tell the team what you need, and they go to work ensuring the goods you need get to you exactly as described, fully inspected, meeting the quality standards you expect, and within your budget.

To learn more, head to [alibaba.com/select](https://alibaba.com/select), or email [ppe@alibaba-na.com](mailto:ppe@alibaba-na.com) to speak to someone directly.

### **FROM YOUR SUPPLY CHAIN EXPERTS**



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Freightos

## BONUS

### Import with confidence using the ultimate importing checklist

Are you in the early stages of learning the ins and outs of importing? Don't be deterred by the complex world of freight. Begin the process with this easy checklist to ensure a smooth shipping experience:

- Selecting freight:** you can choose between two shipping methods: ocean freight and air freight. Ocean freight typically takes longer to arrive but is lower priced and meant for high-volume orders. Air freight on the other hand is much faster and suited for time-sensitive shipments. It is more expensive to ship by air freight and is designed for smaller orders that are between 150KG to 500KG.
- Incoterms:** these acronyms regulate where you assume shipping responsibility from the supplier, as per the sales contract. For example, FOB means you take control after loading on the ship or plane while EXW means you coordinate shipping directly from their warehouse. Know which incoterms you are agreeing to and ensure they meet your needs.
- Packaging:** make sure goods are tightly and carefully packed. Consider palletizing your shipment if needed. This prevents cargo from getting damaged along the way.
- Cargo insurance:** insist on comprehensive cargo insurance. Most carrier liability only covers a small percent of your cargo's value.
- Documents:** have your supplier send you a copy of the commercial invoice and packing list. These documents contain some of the information you will need when requesting quotes.
- Details:** come prepared with the origin, destination, import mode, size of goods, value, and other core details to both make requesting the quote easier and confine communications.
- Shortlist:** decide which forwarders to request quotes from, based on referrals or past experience.
- Request:** request quotes (or use Alibaba.com Freight to instantly compare quotes).
- Review:** make sure everything is correct on the quote. For example, some forwarders have a tendency to forget trucking on either side, or they might forget to include customs.
- Accept:** accepting a quote is almost as simple as it sounds but don't choose solely on price!
- Instructions:** congratulations! Time to send documentation to your new forwarder.
- Next steps:** your shipment is now booked...but your shipment is just starting.

To compare shipping rates and learn more about **Alibaba.com Freight**, head to [ship.alibaba.com](https://ship.alibaba.com).