

IMPORTING CHECKLIST

Use this importing checklist to cross off all the main points you'll need to cover before you start to bring goods and services into the country. Also check if there are local suppliers that can supply the same quality and quantity of what you need, before importing from another country.

1. Be financially feasible

Finance your import plan

Have enough working capital to be able to survive the time gap between paying for your imports and selling. It can be a number of months between ordering and making a profit.

Protect your existing business

Make sure you have a strong existing business and any importing activities don't take focus (or funds) away from your core business. Order small amounts of products to lower your risk until you're sure you have customers who will re-order.

Calculate total costs

Importing can have hidden costs such as import duties or tariffs, shipping and land transport costs, a customs broker, and storage and distribution costs. Ensure you include all costs in your calculations.

Unexpected costs in importing can be significant. If you miscalculate shipping costs or the value of the US dollar falls, you may find you have no margin at all. It's essential you drill down into every conceivable cost before you go any further.

Check currency fluctuations

You'll want to account for exchange rate volatility. If the Australian dollar falls against the currency of the country you're importing from, it could end up costing more than you figured. Learn more about foreign exchange risk.

Make a profit at your preferred set price

Always double check that you're actually making a profit and continually test your prices in the market. The Internet has allowed everyone to be an importer of sorts, and you don't want to find out that you've bought products that are suddenly available much cheaper. Prices for imports tend to go only one way, down. Find out how to get a better deal from your suppliers.

Protect your risk

Identify the primary risks that could affect your importing activities and protect yourself against that risk with insurance.

Get insurance

If you run into problems with your supplier or your imported goods, it's critical to have insurance in place.

2. Have enough demand

Identify your target market

Know clearly who you're selling to and why. If you're importing components for manufacturing, keep in mind who you're selling to as well as the end user. The more you know what they want, the more you'll sell.

Assess demand

Talk directly to potential customers and use surveys to establish the wants and needs that the product could satisfy. Establish the size and future growth potential of your targets by using demographic and statistical data. You need to look for markets with positive long-term outlooks. If there's a high risk that competitors will ride on your coat tails, you could consider niche markets currently ignored by other businesses.

Sell everything you buy

Validate demand for your planned imported goods with solid evidence like orders or contracts and remember to test the market. A growing and sustainable market is preferable. Check out your competitors to get an idea of their sales volumes.

Create a unique competitive advantage

Ideally you're importing products or services that provide you with cheaper goods so you can charge less than your competitors. However, your competitive advantage could be selling exclusive products, holding distribution rights, or having unique intellectual property (IP).

3. Check logistics

Check your supplier can meet your delivery schedule

If you suddenly need to increase your volume of supplies, can your supplier continue at the rate you need? Check the capacity of your supplier to be able to ship as much as you need.

Ensure storage capacity

Warehouse space may be necessary before you distribute your goods around Australia. Have you considered where you'll store your imported products? You may need special requirements such as temperature control and the right humidity levels.

Develop a contingency plan

Look into alternative suppliers if you have any issues with your chosen provider. Secure one or two alternative suppliers by assessing their samples and comparing their prices. Also take a look at different shipping options and costs.

Understand trading terms

There are a lot of acronyms in international trade, such as EX (ex-works or ex-factory, warehouse, or plantation), FAS (Free Alongside Ship), and FOB (Free on Board). The International Chamber of Commerce has rules for these trade terms called 'Incoterms.' Find out more about Incoterms on the [Export.gov](https://www.export.gov) site.

Understand Customs requirements

Find out what conditions you need to meet to ensure your goods clear customs without any issues. See the [US Customs and Border Protection website for tips on importing and licenses](https://www.uscustoms.gov).

4. Comply with the law

Make sure it's legal

Not every product can be imported into the US. Some obviously can't like drugs, live animals, certain foods, and weapons. Others aren't so obvious, such as particular ingredients. For a list of banned goods, see the [prohibited and restricted imports](https://www.cbp.gov) on the CBP site.

Apply for permits

Be sure to find out about any regulations your business needs to meet or any permits required for your imports.

Review safety and quality standards

Ensure your imports meet any standards for safety and quality. Often products deemed safe in a foreign country aren't always considered safe in the US. A good example is food, which must meet biosecurity requirements and possible quarantine. For more information, visit the CBP web page on commercially [importing food](https://www.cbp.gov).

Take note of weights and measures

If you import products that are already packed in weight packaging (like 1lb packs) or numerical (such as 100 items per box), you need to weigh and count the items to prove they're correct.

Check country of origin

If you're importing products from a country that has a Free Trade Agreement with the US you'll need to meet the rules of origin to get the benefit of any agreement (like reduced tariffs). Here is the [current list of countries that have a FTA with the US](https://www.trade.gov) from the Office of the United States Trade Representative.



5. Reduce the risks

Weigh up the benefits

The risks of importing can be varied. They could involve an unreliable supplier, the product being lost in transit, too much working capital tied up in import orders and finance or a deteriorating margin as foreign exchange rates change.

Other risks include the imported product being banned or subject to high tax through a trade disagreement and rising costs or threatened production issues due to economic or political turmoil in the country of origin.

Make a list

Identify the risks of importing in ascending order of likelihood and significance before you consider ways to minimize the exposure to your business. For example what happens if the supplier fails to deliver on time? You could also talk to one of our foreign exchange specialists about the ways you can protect yourself from fluctuations in the exchange rate.

If you haven't already done so, consult an adviser with experience in importing products for your industry. They can act as a sounding board for identifying risks and possible solutions.

Research suppliers

If the numbers stack up and the risks you've researched look avoidable or manageable, it's time to look at suppliers. This should be one of the later steps you take in pursuing your business expansion strategy given it's advisable to visit overseas suppliers in person if possible. That way you lower the risk of any misunderstandings. It costs money and time to do this but far less money and time than correcting things further down the track if you don't receive the goods you were expecting.

When assessing suppliers:

- Ask for references from customers, plus contact details so you can talk to them directly if possible
- Carry out thorough credit checks
- Visit them in person or, if that's not feasible, make sure you receive samples before you place any orders.

Before you approach suppliers, research the cultural differences you might have to contend with when expanding your business overseas to limit the chance of language or cultural barriers causing misunderstandings.

Please note that the information provided isn't intended and should not be relied upon as professional or personal financial product advice. You should seek professional advice before making any decision that could affect the financial health of your business.