



Terms of delivery and payment for dried mangoes

Success in exporting dried mangoes does not just depend on their quality, or the season. Many first trials have not lead to repeat orders because of poorly defined or misunderstood terms of delivery and payment. You will have to compete with Asian exporters who are well organised. Buyers could ask for orders at the last moment but be sure you can meet their request before you make a commitment. The biggest challenge here is to be clear and gain trust, and frankly say to what extent you can deliver the dried mangoes in time.

This module gives an overview of:

1. Samples
2. Terms of delivery
3. Terms of payment
4. Contracts

1. Samples

Large importers usually request samples for deliveries by sea or air freight. They may visit your company, especially if they already buy fresh mangoes or other dried fruit. They monitor beforehand whether you are able to supply dried mangoes that look uniform and of a consistent quality. If it concerns supplies of dried mango cubes to e.g. a cereal processor, a buyer will check whether you are able to supply large (uniform) quantities throughout the year and if you can supply large quantities quickly on a regular basis. If they approve your performance, they will usually ask you for an order.

Smaller importers. For smaller quantity supplies of dried mangoes for the consumer market from landlocked countries such as Mali and Burkina Faso, there are no clear rules. First, you could send photos with the different stages of mango ripening and your drying technique. Based on a (face-to-face or Skype) discussion you can propose to send some samples e.g. 2 or 3 bags by express mail or by a reliable courier who can handle food transport.

Send only those dried mango samples that you can deliver afterwards.

Firstly, make sure that the samples you send by air are compliant with the clients' request and be sure you can deliver exactly the same dried mangoes not to disappoint him! Samples give the first concrete sign of how much the exporter is competent.

2. Terms of delivery

To prevent lead time problems, the exporter should anticipate by clearly estimating how much time it will take him to comply with order, as the importer will immediately start 'pre-selling' the expected consignment.

Sea freight. During the seasons, dried mangoes are shipped together with fresh mangoes. The sea freight transit time between West Africa and Europe ranges between 10 and 15 days, depending on the port of departure and unforeseen problems (transport of goods to the port, delays at sea or customs hold-ups). [DELMAS](#), [SEAL Line](#) and [SAFMARINE](#) are the main shipping lines.

For smaller exporters, a Less than a Container Load service (LCL) is available. This service allows smaller exporters to ship low volumes (e.g. 50 kg). The forwarder aggregates several shipments and the costs are shared.

Groupage service is a combination of transport by truck and boat (container) for deliveries to overseas markets. This takes more time than fresh mango deliveries but the costs are lower. This is suitable for dried mangoes, which can be kept longer. When the dried mangoes are loaded, try avoid (with your forwarder) having them next to products with strong odours.

Air freight is generally via direct flights (Air France, Brussels Airlines). The number of potential air freight markets is restricted by the difficulties relating to the limited direct flights from West African countries to various EU destinations. The main destinations for air freighted dried mangoes are France, Belgium and the Netherlands. Most flights are at night with arrival on the next day. The time it takes to deliver the consignment to the warehouse depends on Customs formalities at the EU border.

Keep your buyer informed. Once the fruits are on their way, importers always appreciate being informed of their departure, either by a phone call during the day or by email if it is late in the evening. Failing to comply with these simple rules does not give the exporter a good professional image. Some exporters think that it is up to the client to regularly ask them when the order will be ready. This attitude is not appreciated by EU importers. It is the exporter who should keep them informed and send him the packing list.

Delays can occur between an order and its delivery, but the exporter must at all times keep his importing partner informed of these delays so that he can adapt his marketing strategy.

The number of trucking days from Rotterdam or Antwerp to any city in Europe averages between 1 and 3 days.

Seasonality

Apart from the holiday season at the end of the year (Christmas), there is no real peak consumption period for dried mango. Sales remains fairly consistent throughout the year. Supplies from South Africa seem more seasonal than Thailand whose dried mangoes are present all year round.

Delivery → do's

In a dynamic international business environment dominated by large companies and well-organised supermarkets, professionalism and trustworthiness are expected from you as an exporter. In this respect, try to improve the capacity within your own company as follows:

- **Try to share handling, packing and transport cost with other exporters** and work with a 'purchase centre'. These centres are in your own country and each member company provides its export sales forecast. With these (confirmed) quantities, the centre is able to negotiate the best prices.
- **Double-check with each logistics operator their precise understanding of your dried mangoes.** Give clear, written and formal instructions on:
 - The exact time slot for loading (from 5 to 7 am)
 - The quantities
 - Having the stowing done by your own staff from 5 to 7 am.Note that your staff has to be at the packing station and complete the loading on time as some road carriers charge for extra delays.
- **Double-check the routing of vessels** (several times). Is this direct to the destination port or does it stop at a 'port of call'?
- **Invest in orchards and in processing** to have control and to create a larger sense of collaboration with small holders, pickers. Introduce a traceability system involving a follow-up indication procedure to achieve better time management.
- **Do write down how operations were carried out**, what was good – what went wrong? This sets a good example for new employees.
- **Get familiar with new techniques used** by large exporting companies e.g. chips on the pallets for a track and trace service. Assess the change in colouration and possible shrinkage of the dried mangoes during transport.
- **Assess the necessity to ship the dried mangoes in cold (reefer) containers** outside the fresh mango shipment seasons as they do not need to be kept cold during transport. Discuss these issues with your buyer.

Delivery → don'ts

- **Don't hesitate to work with a reliable freight forwarder** who has a good reputation. Even if it costs you more, it definitely will save you costs in the end as trouble with transport or with cooling systems can be prevented.
- **Don't load and move the cargo during the day** when temperatures are extremely hot, especially for air freighted mangoes – but do this at dawn or sunset.
- **Don't rush the stowing of mangoes even if you fail to start on time.** The risk of damage is high if the boxes and pallets are stowed untidily.
- **Don't take unnecessary risks** (e.g. *too tight schedule or over packaging*) especially with air freighted mangoes, which are extra perishable and must be transported safely.
- **Don't agree to sell the quantity if you are not sure you can provide it.** If you agree on 20 metric tons then you have to supply 20 metric tons.
- **Don't throw away damaged mangoes, skins or kernels** but seek wherever possible to sell them as animal feed or for renewable energy use. Think in advance about how to collect and store them.
- **Don't fail to deliver on time**, as this is likely to be subject to penalties. A failure in delivery can result in cancellation of the order. Inform your customer immediately if a delivery problem arises.

3. Terms of payment

Your quotation/estimate to the importer should cover the appropriate Incoterm, the terms of payment, credit terms, quantities and the transportation method. Make sure you understand perfectly your duties in the Incoterm and make the necessary preparation in advance.

General international commercial terms (Incoterms) most referred to in the fruit and vegetable business are:

- **FOB** (Free on Board): the importer (buyer) pays for transport, insurance and various tax-related fees.
- **CFR** (Cost and Freight): the importer pays for unloading, loading on the truck, carriage to place of destination, import customs clearance and other costs.

More details on the new Incoterms 2010 can be found [here](#).

Letters of credit (L/C) are not often used. Buyers do not like the procedures involved in payment by L/C and Cash Against Delivery that require much paperwork, high additional costs and slow processing time by banks. In addition, buyers can only find out if the dried mangoes meet their expectation after the payment is made. Quality problems after the fruits arrive have resulted in discussions and negotiations where the importer wants his money back.

See [here](#) for detailed information on the various other methods of payment available for exporters and importers in international trade.

For effective and fast payment, ask for a bank transfer to minimize the cost when you are charged for this, or to share the charge with your buyer. Money transfer firms ([Money gram](#)) could turn out to be quickest way to receive your payment. However, these fees are higher than traditional bank transfers! Also, ask for a payment confirmation.

In order to obtain a short-term payment, you could highlight the Corporate Social Responsibility in your business. You could explain that your sourcing does not involve brokers/middlemen, but that your mangoes come directly from smallholder or smallholder cooperatives to whom you pay fair prices.

The quotation/estimate is your binding offer. Issue the invoice based on your approved estimate.

Invoicing. Every delivery should be accompanied by an official Customs invoice for Customs declaration. However, if it concerns a consignment for which no price has been fixed, the Customs invoice (Proforma invoice) should indicate the value of the consignment. You can send the invoice digitally and include:

- Date
- Reference to order
- Contact details of buyer and supplier
- Invoice number
- Payment conditions
- Your International Bank Account Number (IBAN), Swift code and all other information to facilitate easy payment.

General payment delays varies between importers. While some will not even wait for the usual 30 days, other importers could delay the payment to 60 days or more. However, 30 days payment seems to be most common. Importers often understand that exporters in developing countries have little margin to manoeuvre when it comes to cash flow. Therefore, payment delays are negotiable. In many cases, the importer pays e.g. 50% of the total amount after he has received a copy of the shipping documents. The remainder is paid after arrival if the quality is satisfactory.

4. Contracts

The usual issues covered in a contract concern terms of delivery and payment, including responsibilities, transport, insurance, quality loss or non-compliance. You can find a template from the ITC site at <http://www.intracen.org/itc/exporters/contract-templates/>

EU buyers prefer to work with open accounts with the conditions for supplies in the order. The e-mail correspondence about the order or a signed estimate by the buyer serves as a formal agreement. In addition, markets fluctuate and trading partners in the fruit and vegetable business always need to be ready to adapt to the situation on hand.

Nevertheless, some large supermarkets insist on contracts. For you this means that you will have to take it on a case-by-case basis depending on the size of the importer, frequency of the order and the level of seriousness from both sides to build up a long term business relationship.

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