



UNIVERSIDAD DEL AZUAY

FACULTY OF LAW

SCHOOL OF INTERNATIONAL STUDIES

**Analysis of the Purchase and Import process of Decorative Products
in Polyresin from China (Subheading: 39269090), Case of study:
Francis Importadora Co. Ltd.**

**GRADUATE THESIS PRIOR TO OBTAINING A BILINGUAL
BACHELOR DEGREE IN INTERNATIONAL STUDIES, MINOR IN
FOREIGN TRADE**

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2017**

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ABSTRACT

The main objective of this Project is to define, create and establish and import management system for *Francis ImportadoraCía. Ltda*, a company dedicated to the distribution and sale of home decoration products. This study aims to sustain the reasons why it is a good idea to import, and the benefits it brings; demonstrating that this is the best option in order to optimize resources and generate greater profit. The model was implemented in the company, as the process was developed; therefore, the information presented is real.

INTRODUCTION

The intention of the analysis about imports is to emphasize the reasons why managing this topic inside a company is totally important. It is necessary to know the reasons why the organization seeks to import products, instead of buying them in the same country in order to supply the company's warehouses, for example: to acquire comfortable prices for customers and consumers.

There is no self-supporting country, resources are distributed irregularly and differences between human capacities vary according to the nation and its needs. International trade is able to satisfy populations, as well as promoting unity and achieving commercial, political, social and cultural development among states. (Peña, 2009).

Since ancient times, those who are engaged to commerce have always sought to be the best choice. Specialization and focus in some areas have been a great impetus for many improvements. However, important philosophers such as Smith, Ricardo and Heckscher-Ohlin developed the idea, suggesting an inter-country exchange and pointing the benefits for international trade.

Therefore, for a company to focus its efforts on foreign trade, it is important to analyze whether it meets the necessary requirements to import. If the main reasons why it seeks to purchase products from abroad are clear, it must analyze logistics strategies and the most important, to know if the product that will be brought has the necessary characteristics to invest and fulfill all the needed steps in the destination (Ecuador).

CHAPTER 1: ANALYSIS OF THE CONCEPTUAL FRAMEWORK OF IMPORTS MANAGEMENT IN A COMPANY

1.1 International Trade

Starting from the idea that a single country cannot produce everything, it generates enough reasons to accept that foreign trade is defined as “the exchange of economic goods between the inhabitants of two or more nations, so as to give rise to exports from one country (exports) and receipts of merchandise (imports) from another (Peña, 2009, p.5).

The global exchange is what moves the economy and the whole world; it generates improvements in society every day. As Hill specifies in one of his texts: “free trade stimulates economic growth and raises living standards beyond borders” (Hill 2011, p.154). International trade motivates the specialization and development of the countries in the most suitable area for each one, this way the production becomes efficient and the exchange flows in an appropriate way.

However, the existence of opposing ideologies is unavoidable, each one of them is defended under the theory that they are limitations of work; forces that do not allow the exploitation of all the capacities of the country, seeking for self sufficiency, total development and closing borders; without considering that denying new possibilities to a society, they are only retarding the economic growth and advantages over other countries.

While all thinkers say that international trade is positive for nations, many people disagree on the consequences that government policies cause. In the era of mercantilism, government intervention was considered totally necessary, it was thought that this control impulse imports and exports. Overtime theories changed, philosophers of the time defended “the free trade”; International business did not depend on the regulations imposed by the government to seek a balance (Hill, 2011).

Despite of the theories proposed by different scholars of foreign trade, the world of international business is nowadays based on trade policies. Representatives of different governments suggest measures to protect specialized products of their countries and to control the system of imports and exports in order to produce profits and benefits for them and the government.

National protection is a characteristic that for years has been an excuse for several governments; many duties have been created to protect the local industry. In some cases, it was not the best option, as happened with the steel industry in March 2002, when the US government decided to set an ad valorem tax of 8 to 30% and the consequences were not as good as they expected. The local market could not satisfy the necessities of an entire population and prices rose rapidly. (Hill, 2011, p.191)

In the mid-twentieth century, international trade improved its numbers; the growth of manufactured products was due to internationalization and free trade. As conditions improved, some governments established tariffs to limit this activity. However, in 1947 the General Agreement on Trade and Tariffs (GATT), the current WTO, was created to restrict the establishment of unilateral measures to impede trade (Turmo, 2006).

The key to these international organizations, such as the GATT, was to look for the largest number of countries that decide to join the Agreement, which has reached a membership of 149 affiliates. These states are part of the WTO today. All of the countries that are part of the World Trade Organization are governed by a set of rules that consolidate tariffs; that is why measures are established through negotiation rounds, so that international business flows naturally and there is clear tariff liberalization.

1.2 Imports

Internationally, the best ways to carry out an economic activity are imports and exports. These two activities connect the world and cut distances among countries, sometimes even creating better political environments between states.

According to the information published on the Ecuadorian customs website, imports are defined as the action of entering merchandise into the country, so that formalities and certain customs obligations are fulfilled, in which the customs regime is considered (SENAE). The main reason to realize this activity is because no country is capable of producing everything, it will always be necessary to supply the domestic market with foreign goods or services.

Import, is an activity as important as export; it can be mentioned that both are actions that concern many governments, as these level the trade balance. Every country will always try to keep a balance in surplus, meaning that the export values exceed imports. This is the main reason why nations often establish measures to restrict international trade and free performance.

Countries relate to each other at their convenience, they analyze and study the international community, looking for the best opportunities and resources for their nation. After certain studies, different agreements are signed, each of which is negotiated for a point that benefits both parties. Generally to identify the benefits to the needs of the population, international treaties are a complicated topic in the international politics, therefore, these do not satisfy all of the citizens but at least find points that advantages the majority.

- **Generalities of trading with China (ambience and methods)**

When analyzing and carrying out a study about the benefits that can be caused when negotiating with China, it may look simple and ideal, however there are certain complications that often do not allow the process to develop quickly. Even if these are not solved, they might cause big problems.

1.2.1.1 Schedules:

Definitely, the negotiations part of the process is a fairly complicated issue, from the moment of purchasing, time is an important element. There are deadlines for submission of documents or payment in each stage of the procedure; it is important to mention that China and Ecuador have a time difference of 13 hours, what makes business more complicated. In many occasions people need to wait many days to be able to communicate with suppliers or even to work outside office hours to address important issues.

Several processes must be done in advance, in order to avoid unnecessary setbacks and expenses.

1.2.1.2 Language:

When negotiating with some companies, the communication can become a bit complicated; there are Chinese exporters who do not handle their sales with translators for Latin America, this is why some Ecuadorian companies hire trained staff for this type of work. In the case of Francis Importadora, the language is not a problem, documents and letters were sent in Spanish, as well as the dollar exchange rate of the invoice values.

1.2.1.3 Production Quantity:

Buying in a country that is characterized by its number of factories and mass selling, became a challenge for the company. However, quantities were previously analyzed, considering that they had to risk, after verifying the productivity and acceptance that can have the purchase in the middle.

Francis Importadora, in its first purchase abroad, decided to import a 20 ft container. Although internal studies show that the costs are very good, it is important that the minimum quantities that the company requires at the time of sale should be considered.

1.2.1.4 Product (Anexxed A)

In China there are huge factories and “maquiladoras” that distribute their products worldwide; the production is not focused on certain countries but on all buyers and potential consumers. Although in many cases “Chinese” products have been stereotyped as poor quality products, it is important to explain that this is not the case.

Chinese manufacturing companies classify their production into five types of quality; although merchants from different parts of the world make their purchases by analyzing weight, material and price. Quality will always be an important factor; this can be analyzed from the shape of the product or little details. When buying, Francis Importadora not only examined these characteristics, but also followed quality standards that the country demands, to check if it is harmful to health or the environment.

1.2.1.5 Packing Quality

At the time of importing from China it should be considered that the trip will last around 30 days, if the weather changes and some products may be affected along the way. At the time of purchasing, manufacturers besides indicating the products and their varieties, they discuss about the packaging and the materials that will wrap the merchandise.

When making the purchase, the company established that it is necessary that the articles be accommodated in flex foam, also packaged inside honeycomb film, better known as bubble wrap, which serves as excellent protection for the fragile merchandise. The type of carton of the merchandise is also fundamental, even if lithographic boxes are preferred for this type of packing; corrugated cardboard is the ideal one, which besides being strong and the most suitable for imports and exports of polystyrene products, it is positive for the environment.

1.3 Ecuadorian Customs Regimes

Customs regimes in the country are summarized in the customs treatments that are applied to the merchandise, which are also requested by the person who will declare, only if it is established in the current customs legislation. (Regulation to Book V, Title II of COPCI)

In this legislation there is an important classification: Import Regimes, Export Regimes and Other Regimes. However, due to the case study of the Francis Company, it will be analyzed only on imports.

1.3.1 Import Regimes

Establishing many import regimes allows people to choose the most convenient way to carry out their activities as an importer. However, It is important that people know and analyze the possibilities, before doing it. This can save a lot of time and money.

In Ecuador there are seven modalities to work, of which two are part of the Transformation Regimes and the other five are included in the Non-Transformation Regimes.

a. Transformation Regimes

Temporary Admission for Inward Processing

This regime allows the entering of merchandise that will be submitted to a improvement process in the Ecuadorian territory. The merchandise that will be transformed will be suspended from the payment of import duties, taxes and surcharges. (Book V, Tittle II COPCI, Art. 149)

Article 132 of the Regulation Book V, Tittle II of the COPCI establishes the requirements to comply the customs regime, required by the General Direction

of the National Customs Service of Ecuador. (Regulation to Book V, Tittle II COPCI, Art. 132)

Transformation under customs control

This regime allows the merchandise to enter to the country suspending the payment of taxes to foreign trade that subsequently will be modified. (Libro V, Título II COPCI, Art. 151).

During the time that the merchandise stays in the country, it must be located in the specified place to be processed. All operations must be carried out within the place qualified by the SENA. (Regulation to Book V, Tittle II COPCI, Art. 153)

The excessive waste from the transformation processes may be destroyed, so that there is a total exemption from taxes on foreign trade. If the products are nationalized, all the corresponding taxes may be paid, otherwise these could be re-exported. (Regulation to Book V, Tittle II COPCI, Art. 157)

b. Non-Transformation Regime

Temporary Admission to Re-Export in the same state

This special regime is used to introduce goods intended to be used for a specific purpose, it has a total or partial suspension of import duties and taxes. (Book V, Title II of COPCI, Art. 148).

The merchandise must only be used for what was authorized and during the time previously determined, so it must be accompanied by the application for authorization of the scheme. (Regulation to Book V, Title II of COPCI, Art. 123).

Re-Import in the Same State

This customs regime allows imports for consumption to be exempted from duties and taxes on imports and other surcharges. It is important that the

District Director or his delegate authorize re-importation once the conditions established in the customs legislation are completed. (Book V, Title II of COPCI, Art. 153). The re-importation must be made within a year, counting from the date of shipment of the goods exported definitively. (Regulation to Book V, Title II of COPCI, Articles 121 an

Replacement with Duty Free

This regime allows a free importation of duties, taxes and surcharges. To make an import under this regime, it is important that certain requirements are completed, including: that imported goods do not change in their condition; that has to be demonstrated that the products entering Ecuador under this regime are identical or similar to those imported for consumption. (Regulation to Book V, Title II of COPCI, Articles 139 and 140).

Customs Deposits

This customs regime is a special modality, because through this, the imported goods are stored for a certain time without the payment of duties and taxes and surcharges applicable. Deposits can be private or public. The private ones are exclusively for use by its owner, while the public may store merchandise from third parties (Regulation to Book V, Title II of COPCI, Art. 144).

Import for Consumption

The customs regime for consumption is a modality used for the final entry of goods into the country. In this way foreign goods or merchandise from a Special Economic Development Zone that arrives into Ecuador will be able to circulate freely in the territory, once all the corresponding tax obligations have been fulfilled. (Book V, Title II of COPCI, Art. 147)

For this case of study, the company *Francis Importadora* will use this import regime, known in practice as Regime 10. It is adapted to the processes

established by the Director General of the National Service of Customs of Ecuador, in order to be able to freely circulate the products in the country, without any inconvenience.

1.4 Requirements for Ecuadorian Imports

Any natural or juridical person, whether of Ecuadorian or foreign nationality residing in the country, may carry out import procedures. In order to import, certain established requirements must be met, such as:

1.4.1 Registration Process

- Previous procedure

Before initiating the import process, it is important to have a Registered Single Taxpayer Registry (RUC in Spanish), obtained from the Internal Revenue Service (SRI).

As it is already known, the RUC is an indispensable requirement to be able to exercise any economic activity in the country; it details what the company is dedicated to, its location and the person who represents it.



REGISTRO UNICO DE CONTRIBUYENTES SOCIEDADES



NUMERO RUC: 0190393283001
RAZON SOCIAL: COMFRANCIS III COMERCIAL FRANCIS, IMPORTACION Y DISTRIBUCION CIA LTDA
NOMBRE COMERCIAL: FRANCIS IMPORTADORA Y
CLASE CONTRIBUYENTE: OTROS
REPRESENTANTE LEGAL: CONTRERAS SOLIZ DANIELA GUADALUPE
CONTADOR: ALARCON CARACUNDO NELLY YOLANDA

FEC. INICIO ACTIVIDADES: 13/08/2013 **FEC. CONSTITUCION:** 10/07/2013
FEC. INSCRIPCION: 13/08/2013 **FECHA DE ACTUALIZACION:** 06/10/2016

ACTIVIDAD ECONOMICA PRINCIPAL:

VENTA AL POR MAYOR DE ARTICULOS DE BAZAR EN GENERAL

DOMICILIO TRIBUTARIO:

Provincia: AZUAY Cantón: CUENCA Parroquia: MONAY Calle: GONZALEZ SUAREZ Número: 5/N Referencia ubicación: A UNA CUADRA DEL GRAN AJO Teléfono Trabajo: 072802310 Email: danielagcontreras95@gmail.com Celular: 0998448124

DOMICILIO ESPECIAL:

OBLIGACIONES TRIBUTARIAS:

- * ANEXO ACCIONISTAS, PARTICIPES, SOCIOS, MIEMBROS DEL DIRECTORIO Y ADMINISTRADORES
- * ANEXO DE DIVIDENDOS, UTILIDADES O BENEFICIOS - ADI
- * ANEXO RELACION DEPENDENCIA
- * ANEXO TRANSACCIONAL SIMPLIFICADO
- * DECLARACIÓN DE IMPUESTO A LA RENTA SOCIEDADES
- * DECLARACIÓN DE RETENCIONES EN LA FUENTE
- * DECLARACIÓN MENSUAL DE IVA

DE ESTABLECIMIENTOS REGISTRADOS: del 001 al 001 **ABIERTOS:** 1
JURISDICCION: 1 ZONA 6, AZUAY **CERRADOS:** 0


Firma del Contribuyente

FIRMA DEL CONTRIBUYENTE



SERVICIO DE RENTAS INTERNAS

Declaro que los datos contenidos en este documento son exactos y veraces, por lo que asumo la responsabilidad legal que de ella se derivan (Art. 97 Código Tributario, Art. 9 Ley del RUC y Art. 8 Reglamento para la Aplicación de la Ley del RUC).

Usuario: CREM020810 Lugar de emisión: CUENCA/AV. REMIGIO Fecha y hora: 06/10/2016 12:03:10

Graphic 1A: RUC

Source: Francis ImportadoraCo. Ltd.



REGISTRO UNICO DE CONTRIBUYENTES SOCIEDADES



NUMERO RUC: 0190393283001
RAZON SOCIAL: COMFRANCIS II COMERCIAL FRANCIS, IMPORTACION Y DISTRIBUCION CIA LTDA

ESTABLECIMIENTOS REGISTRADOS:

No. ESTABLECIMIENTO: 001 **ESTADO:** ABIERTO **MATRIZ** **FEC. INICIO ACT.** 13/08/2013
NOMBRE COMERCIAL: FRANCIS IMPORTADORA Y DISTRIBUIDORA **FEC. CIERRE:**

ACTIVIDADES ECONÓMICAS:

VENTA AL POR MAYOR DE ARTICULOS DE BAZAR EN GENERAL.
VENTA AL POR MENOR DE ARTICULOS DE BAZAR EN GENERAL.
VENTA AL POR MAYOR Y MENOR DE ARTEFACTOS ELECTRODOMESTICOS.

DIRECCIÓN ESTABLECIMIENTO:

Provincia: AZUAY Cantón: CUENCA Parroquia: MONAY Calle: GONZALEZ SUAREZ Número: SIN Referencia: A UNA CUADRA DEL GRAN AKI Telefono Trabajo: 072802310 Email: danielagcontreras95@gmail.com Celular: 0998448124

Daniel Aguirre Contreras

FIRMA DEL CONTRIBUYENTE



SERVICIO DE RENTAS INTERNAS

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Usuario: CRBM020810

Lugar de emisión: CUENCA/AV. REMIGIO

Fecha y hora: 06/10/2016 12:03:10

Graphic 1B: RUC

Source: Francis ImportadoraCo. Ltd.

- Register as a Foreign Trade Operator (OCE):

To initiate import or export activities, it is important to register the company in the National Customs Service of Ecuador, in order to obtain such registration; the following steps must be considered:

a) Acquiring a Digital Certificate for electronic signature and authentication

The entity in charge of the qualification and emission of electronic signatures in the country is the Central Bank of Ecuador. However, despite the fact that the application forms are on their website, the management can be done in the Chamber of Commerce of Cuenca or in the Civil Registry. Therefore, the application for an Electronic Signature Certificate must be completed, and certain requirements must be presented, such as:

- Rucof the company
- Digitalized ID and voting identification
- Digitalized document of the designation of the charge or a labor certificate signed by the legal representative
- Authorized letter to continue the process, document that must be signed by the legal representative, in the case of companies. (Electronic Certification, BCE)



CERTIFICACIÓN**ELECTRÓNICA**
BANCO CENTRAL DEL ECUADOR



[Inicio](#) [Quienes Somos](#) [Marco Normativo](#) [Firma Electrónica](#) [Servicios Relacionados](#) [Centro de Descargas](#) [Contáctenos](#)

Solicitud Formulario

Datos de la Solicitud

Seleccione el tipo de certificado para su solicitud

Persona Natural

Seleccione el tipo de contenedor para su certificado

Token

Seleccione la ciudad y oficina de entrega de su certificado.

Ciudad

Cuenca

Entidad

DIRECCION GENERAL DEL REGISTRO CIVIL IDENTIFICACIÓN Y CEDULACIÓN

Oficina

SUCURSAL CUENCA - CENTRO-ALFONSO JERVES Y MANUEL VEGA

Lugar de entrega:

Cuenca - DIRECCION GENERAL DEL REGISTRO CIVIL IDENTIFICACIÓN Y CEDULACIÓN - SUCURSAL CUENCA - CENTRO - ALFONSO JERVES Y MANUEL VEGA

Seleccione su Tipo de Identificación

Cédula

Ingrese su cédula

0104355813

Por favor verifique que su información sea correcta y seleccione el botón siguiente para continuar con el registro de su solicitud.

Ayuda

Siguiente

Graphic 2: Electronic Signature Register Form

Source: Central Bank of Ecuador

Once the documents have been delivered and payments made, the Central Bank of Ecuador will send two emails with important information. The first will notify the user that the documents have been received. After twenty-four hours, the same entity will notify if the company has been approved or rejected according to the documentation submitted.



Graphic 3: Notification of Data Entry

Source: E- Mail Francis ImportadoraCo. Ltd.



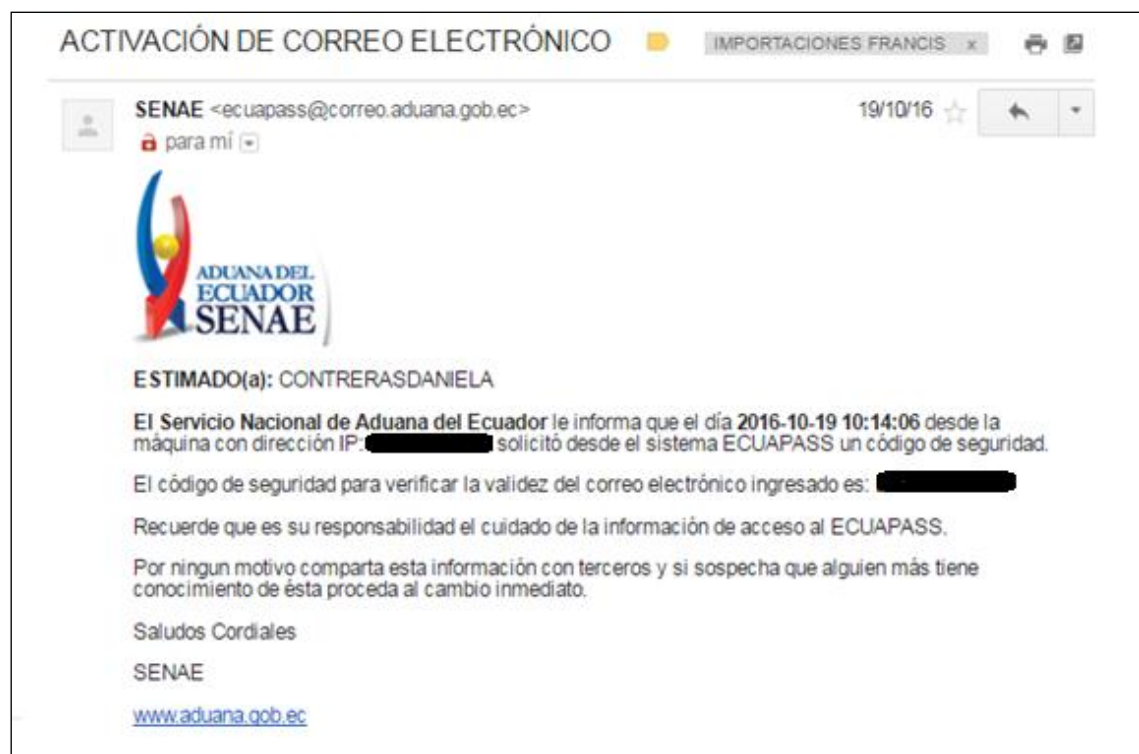
Graphic 4: Registration Approval

Source: E-Mail Francis ImportadoraCo. Ltd.

b) Register in the ECUAPASS webpage

El portal ECUAPASS es una plataforma virtual importante que permite que los operadores de comercio exterior realicen operaciones aduaneras de importación o exportación. Esta página fue creada para evitar el uso excesivo de papel; asegurar el control aduanero y facilitar el comercio; de igual manera para establecer la Ventanilla Única de Comercio Exterior. (SENAE).

Once registered in the SENAE portal, this entity will send an email confirming the data entered by the user; this also serves to notify and to communicate about the varieties and news of the Customs of Ecuador.



Graphic 5: Email Activation Notification

Source: E-Mail Francis ImportadoraCo. Ltd.

- Advice from an Authorized Customs Agent:

Following these steps, you can carry out the import operations. However it is important to get advice from an authorized customs agent. For more information about these specialized operators, customs have published on their website the list of them, in order to verify that their licenses are available. (SENAE).

1.4.2 Valuation of the Merchandise in Customs

The valuation of Customs is the most important part at the moment of the importation because some taxes that must be canceled when making the international purchase are calculated according to this process. The valuation of customs is basically the real value that was canceled by the goods, as long as there are no restrictions on the use of the merchandise by the buyer; when the sale does not depend on any condition, among other situations specified in Article 1 of the General Agreement on Tariffs and Trade 1994.

The Andean Community, recognizing that customs valuation is essential for international trade, made an Agreement on the valuation of the World Trade Organization, which serves as the basis for this customs determination. In agreeing the values, it must be taken into account that there are six methods, (Decision of Cartagena Agreement 571, Art. 3):

1. First Method: Transaction value of the imported goods.
2. Second Method: Transaction value of the identical goods.
3. Third Method: Transaction value of similar goods.
4. Fourth Method: Deductive value method.
5. Fifth Method: Rebuilt value method.
6. Sixth Method: "Last Resort" method.

It is easy to identify that certain methods are better for certain specifications than others; however, they should be applied in the established order. There is the possibility of reversing the order, if requested by the importer and approved by the Customs Administration (Decision of Cartagena Agreement 571, Art. 4).

There are important documents to execute the valuation, including the commercial invoice. This instrument is fundamental, as it reflects the actual price at which the buyer acquired the product; therefore the invoice must be an original and definitive document, by means of which the necessary information can be easily identified.

In some cases, where the invoice is not detailed in Spanish, the attached translation must be required. (Decision of Cartagena Agreement 571, Art. 9)

Discounts or price reductions should also be taken into account in customs value determinations, since the actual payments of the importer must be known. However, it should be recognized that the discounts established are related to the imported merchandise; it also must be verified that the buyer is actually benefiting from the discount and that the budgets established from the beginning of the negotiation are fulfilled.

1.4.2.1 Expenses in the Customs Valuation

For customs valuation besides considering the price actually paid for the imported goods, other costs determined in Article 8 of the General Agreement on Tariffs and Trade 1994, are considered.

The first paragraph of the mentioned article also specifies those expenses that are included in the valuation of customs, as long as they are not included in the price paid or payable of the merchandise.

- a) Commissions and brokerage expenses.
- b) The cost of the packaging that the customs considers as part of the merchandise.
- c) Packaging costs: labor and materials (General Agreement on Tariffs and Trade, Article 8).

Likewise, the third paragraph of the aforementioned article may also include certain costs in the value of customs:

- a) The transportation costs of the imported merchandise, up to the port or place established.
- b) The costs of loading, unloading and handling required during transportation.
- c) The cost of insurance.(General Agreement on Tariffs and Trade, Article8).

1.5Ecuadorian Tariffs and Taxes on Foreign Trade

1.5.1 Customs Tax Regime

Tariffs are levies or taxes that are generally established on imports, since in Ecuador there are no tariffs on exports. These taxes are often established with the intention of protecting the domestic industry in certain products that could be found in the same country. (PROECUADOR)

The three types of existing tariffs are the following, of which others are derived:

- **Ad ValoremTariff:**This is the percentage applied on the value of the goods and are established by the competent authority. (COPCI Regulation, Book V, Art.2).
- **Specific Tariff:** Is the tariff established by the competent authority and is the fixed surcharge applied to certain conditions of the goods: weight, units, dimensions, volume, among others (COPCI Regulation, Book V, Art.2)
- **Mixed tariff:** as established in the COPCI Regulation, Book V, Article 2, literal z; is a tariff established by the competent authority, which jointly applies ad valorem tariff duties and tariffs.

Besides the tariffs described, there are certain customs duties that should be paid when importing to Ecuador:

- **FODINFA:** It is an additional tax that must be paid at the time of making an import that is destined to be part of the Fund for Development for Children. The rate of this tax is 0.5% applied on the CIF value of imports. (ALADI).

1.5.2 Non-Tariff Tax Regime

- **ICE:** The Tax on Special Consumption is a tax applicable to the consumption of certain goods and services, both imported and domestic. Article 33 of the Law Reforming the Internal Tax Regime Law establishes all that corresponds to this tax. The value of this tax should be calculated on the retail price less VAT and ICE. (ALADI)
- **IVA:** This tax is applicable to the purchase and sale of goods or services. The general rate is 14% and in imports all must pay this tax, the same as is applicable on the CIF value, taxes, duties, fees, duties, surcharges and expenses established in the import declaration and related documents. (ALADI)
- **Safeguards:**

As described by the World Trade Organization, safeguards are an emergency measure when a country's trade balance indicates that imports outnumber exports, affecting production and some national markets. In the case of Ecuador, because it did not have its own currency, safeguards were established to avoid excessive capital outflows. These measures are contemplated in the "Book IV of the COPCI, denominated FOREIGN TRADE, ITS CONTROL AND INSTRUMENT ORGANS" and in the REGULATION IV, IN THE MATTER OF COMMERCIAL POLICY, ITS CONTROL AND INSTRUMENT ORGANS.

Safeguards have been a very controversial issue in the country at the time the Ministry of Foreign Trade approved Resolution No.011-2015, which was approved on March 11, 2015; The same one that detailed 2800 products with temporary tariff surtax (from 5% to 45%), in addition to the current tariffs. (COMEX, Resolution No.011-2015).

On January 21, 2016, the Resolution No. 001-2016, approved by COMEX, was adopted. This established the reduction of safeguards from 45% to 40%, which complied with the dismantling schedule. The Resolution in question came into force on January 31 of the same year. (COMEX, Resolution No. 001-2016).

In April 2016, a resolution was published that sought to implement a safeguards dismantling schedule. Therefore, Resolution No.006-2016 establishes a table indicating the reduction of tariffs to be paid until June 2017.

AÑO 2017			
Sobretasa	ABRIL	MAYO	JUNIO
15%	10,0%	5,0%	0,0%
25%	16,7%	8,3%	0,0%
40%	26,7%	13,3%	0,0%

Graphic 6: Safeguards Dismantling Schedule

Source: COMEX, Resolution No. 006-2016

On September 6, 2016, the Foreign Trade Committee published Resolution No.021-2016, which specified the reduction of the surcharge from 40% to 35%; From 25% to 15% and the maintenance of the original 15% at the same value. The decision came into effect on October 26 of the same year. (COMEX, Resolution No.021-2016).

Likewise, this Resolution seeks to replace the table of Article 2 of Resolution No.006-2016, adopted by the full COMEX, by the following:

AÑO 2017			
Sobretasa	ABRIL	MAYO	JUNIO
15%	10,0%	5,0%	0,0%
35%	23,3%	11,7%	0,0%

Graphic7: Safeguards Dismantling Schedule

Source: COMEX, Resolution No. 021-2016

1.6 Logistics as part of Foreign Trade

Today, trade has incorporated new costs that in the past were not as important as they are now. As international markets opened their borders, key aspects were taken into account, and increased competition between companies accelerated the development of logistics strategies to improve prices and meet customer needs in terms of time and quality.

Logistics is one of the most important elements of business, according to a study carried out, analyzing an administrative area has shown that transport accounts for between 60% and 80% of every dollar sold by the company, which shows that this aspect is essential in commercial competitiveness (Ballou, 2004). In many cases, trade blocs have considered logistical systems to be an important aspect of the negotiations, since reducing these costs can improve the economic systems and conditions of member countries. Taking into account the transport routes is fundamental; Today several states have improved mobility systems with the aim of improving routes to markets and that products and services reach their destination safely and generate facilities for traders (Zamora and Rendón, 2013).

The supply chain is not limited to the path of the merchandise to the first customer, but encompasses the whole process of buying and selling the products to the consumer. It is important to think about the extended chain of supplies and correct those problems so that the cost of the product does not affect the promotion and guarantee of the company or manufacturer.

In many markets and companies, we have already heard about logistics management. However, we must analyze each of the parts that make up the logistics, although it is considered as a single element, it includes three important strategies: Location, inventory and transportation. The location strategy is based mainly on the location of the points of supply; designate the right places where there are not so many logistical problems that hinder the process or the costs to make them considered competitive. The supply process is extremely important in a company, the investment is not acceptable without

having carried out the necessary studies, therefore it should be considered the suppliers and all the items that mean to transfer the merchandise from the moment of purchase to the plant, Ports, direct customers and consumers, so that the total costs can be compared and the lowest ones selected in order to obtain the maximum utility (Ballou, 2004).

Inventory decisions consist of knowing the rotation of stored products, taking into account the changes and variations from the moment of entry to the point of departure. Inventory control can become a very useful way to avoid wasted time and money. The transport strategy is perhaps considered essential because without this one can not make decisions about the inventory and the quantities to be imported, just as if the transport is too expensive or risky, the distances can change to facilitate the process (Ballou, 2004).

Global trends indicate that by the year 2050, at least 50% of the Gross Global Product will belong to global trade (Universidad Michoacana de San Nicolás de Hidalgo, 2013). The trade blocs continue to facilitate their relationships and the reinforcement of technology; Actions that attract large private and global capitals and improve trade openness. Logistic strategies have improved continuously, as we are a country open to world trade through treaties, so we must take advantage of these advantages and open our market, find new competitive methods and above all generate import strategies that improve the conditions of companies.

As stated in the Organic Code of Production, Trade and Investment (COPCI), foreign trade must be facilitated by rapid, simplified, expedited and electronic customs processes, which seek to secure the logistics chain, in order to Productivity and national competitiveness (National Assembly, 2010). However, many Ecuadorian laws are not in favor of the importer, as several companies consider it a long and even delayed process, which has its repercussions on prices and promotion of companies, thus creating competitive difficulties with other countries.

1.5.1 International Transport

Often international purchases can be beneficial to reduce costs of some products; however it is important to consider that despite the low prices of goods, international logistics is essential in foreign trade.

In order to determine the logistics processes, it is important to take into account factors such as: distance, documentation, diversity and customers that demand. Any of the five existing means of transport can be used after analyzing them. In Ecuador, the most used international ways of transport are air, sea and land. According to the distance can be determined which is the most used, the water transport is the mostly used, the terrestrial also has enough demand. China, being a producer country, is one of the largest distributors in the world, which is why they are highly qualified and have proven to be highly competitive in international shipping and road transport (Zamora Torres, 2013).

Markets like India and China are interesting bidders of opportunities in different areas such as food, clothing and other products that benefit the whole world. The main reasons why countries put a lot of interest in these places is because of the opportunity they offer to contract raw materials and other components; the advantages are because of the hand labor and; the existence of favorable tax legislation (McGraw-Hill, 2007).

Therefore, after some comparative analysis of purchases, it was concluded that these will be made directly from China, as the main factories of polyresin are in this country and the specialized logistics that they have, is a feature that favors the company.

1.5.2 Inland Destination Transport

Most of the times, companies get the best international logistics systems; However, there are also transportation difficulties within the same country. It is important to analyze each of these aspects before executing an import, because the lower the costs, the better the gains.

Ecuador, is a country with two large customs ports located in Guayaquil and Manta, so if imports are made from other cities in the country, internal transportation is really important. According to the practice, Ecuadorian businessmen have two options to transport the merchandise internally; Send the goods by air or land.

In some cases the internal logistics are too expensive, so it is important to compare and consider an important aspect: Is it still better to import, instead of buying from a national supplier? This answer is quite complicated, because not only prices are compared, but also the rotation of inventory and the variety of products in the national market. Internal logistics can often complicate conditions for the company and force it to make decisions that may be critical to the company and its economy.

1.7 Polyresin

Nowadays decoration has become essential in people's lives, themes such as popular trends and fengshui to give life to spaces, has motivated different people to drive the design business.

The specialization of different people in this area has allowed the market to grow as well as the variety of products, which has also made customers more demanding, who seek more accurately to meet their needs their likes.

Francis Importadora is one of the Ecuadorian companies that have looked for the way to find the right market in the country, arriving at this one with decoration products, manufactured with polyresin. This is a product similar to porcelain, offers a very wide portfolio of different decorative pieces, so the company is constantly looking for new products that are not easily found in all locations in the country.

The material of the goods selected for importation is important, since it can imitate various surfaces such as metal, bronze, wood, among others, which in some cases require additional permits or fees when entering the country.

1.7.1 Tariff Item

The tariff heading used for the import of polyresin products is 3926400000. According to the description set out in ECUAPASS (Graphic8), the subheading is described as: statuettes and other objects of adornment.

SUBPARTIDA S.A.	3926.40.00.00	0000	0001	-Estatuillas y demás objetos de adorno.	NUMERO DE UNIDADES	03/Dic/2014
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Exportar Excel

Adm. de nomenclatura y características de mercancías Tipo de Información Asociada a la Mercancía

* Tipo de Elemento	[SSA] SUBPARTIDA S.A.	* Descripción de Elemento	-ESTATUILLAS Y DEMAS OBJETOS DE ADORNO. SC
* Subpartida	3926.40.00.00	Código de Unidad Física	[11] NUMERO DE UNIDADES
* Código Complementario	0000	* Requiere Información de Vehículo	[N] NO
* Código Suplementario	0001	* Elemento Tacito	[N] NO
* Fecha de Inicio de Vigencia	03/12/2014	Fecha de Fin de Vigencia	13/08/2015
Código de Producto de Sistema Andino de Franja de Precios	--Selección--	Código de Tipo de Producto de Sistema Andino de Franja de Precios	--Selección--
* Naturaleza Primaria de Mercancía	[GEN] GENERAL	* Tratamiento de Mercancía	[GEN] GENERAL
* Version de Nomenclatura	5	* Código de Norma (Base Legal)	20141106
Tipo de Norma	[RES] RESOLUCION	Nombre de Norma	RESOLUCION NO. 006-2014 DEL COMITE EJECUTIVO
* Comentarios de Apertura	RESOLUCION NO. 006-2014 DEL COMITE EJECUTIVO	Comentarios de Cierre	RESOLUCION NO. 009-2015 DEL COMITE EJECUTIVO

Graphic 8: Tariff Item

Source: ECUAPASS

1.7.2 Photos(ANNEXED B)

Among the products of different colors and shapes, with details that imitate other types of materials, there are different brands well known in the market, such as Montefiori and Santini, two Italian collections that have a lot of fame and prestige in the world.

CHAPTER 2: DEFINITION OF THE BACKGROUND AND CURRENT SITUATION OF THE COMPANY

Introduction

Although the intention of the project is to improve supply systems and seek for improvement methods, analyzing the internal and external environment, it is important to know more about the company and its background; to analyze all the factors that were part of its development, to reach to the current situation. Also, it is fundamental to study the principles and policies that compose it, because these characteristics establish the company.

The approach of this chapter is the analysis of the conditions and the way the company develops its activities in the market, knowing the internal and external factors that allow it.

2.1 History of the Company

Francis ImportadoraCo. Ltd., can be considered a company that was born as the continuation of an earlier entrepreneurship; “Comercial Francis”. This company started its activities on February 1, 1991. The owners are a couple of entrepreneurs, Claudio Contreras and his wife Nelly Solíz. The beginnings of Comercial Francis were hard; they started their activities in a small place in the center of the city of Cuenca, focused on the sale of bazaar products to the final consumer. Although the less rigorous economic and labor conditions facilitated the development and made possible its growth; there were daily problems that made some seasons difficult. The lack of seriousness of some suppliers that considered it was a small company, damaged merchandise, inflation, among other difficulties, was the headache of the owners. However, every problem faced was a lesson and an important step to improve.

Since the beginning, it was a clear objective to increase the variety of products, in order to reach different market segments and achieve expansion. After six years of experience in the city, it was possible to reach the decoration market, which made it the strongest and the most specialized area.

Daily work and the positive results helped to get bank loans and suppliers companies' confidence. Orders became bigger and the payment conditions easier. Customers were no longer just final consumers; the company started a wholesale distribution in the city, which eventually expanded to different cities in the country. There were some supply problems at the time the company grew, so the administration looked for new suppliers and products to make the company available to satisfy the needs of customers, especially in the seasons of greatest demand. Results were satisfactory; the company expanded its market lines, so it was impossible not to get new customers.

Years later, considering that the conditions were positive and the excellent sales figures were marked year by year, the option of opening a new company, with new partners and a different administration, was studied. The main idea was to reach more customers and let the company grow. This is how Francis Importadora Co. Ltd., the organization formed by the contribution of four partners, which opened its doors on August 13, 2013.

Supplying a business is a tricky subject. However, the national purchase has been the main option to start. In spite of the great openness it has had from suppliers, the company's management has analyzed certain purchasing factors, so it concluded to start import activities due to the considerable price difference between the products provided by companies in China.

Francis Importadora seeks to offer exclusive products at low costs, so it is why they focus on finding the best options for its customers. Because of it, this year the company wants to begin with the direct importation of the main showcase products, things made of polystyrene. This way the enterprise could become stronger for the competition and the condition will improve.

2.2 Mission

We are a company committed to the marketing and distribution of decorative items for all home environments, with the premise of providing the best shopping experience to our customers through a personalized service, variety, quality and design of all our items.

2.3 Vision

Become a leader company at the national level in the distribution and marketing of home decoration products; always committed with our job and providing the best service to our customers.

2.4 Market

Francis Importadora is a company that has focused in an specific market which has the next characteristics:

- Social level: middle-upper class.
- Incomes: minimum of two unified basic salaries.
- Mostly 23 years and older, concerned about the decoration of their home.
- Small and medium commercial premises located in the city of Cuenca and around the country, which are dedicated to the wholesale and retail sale of decoration and bazaar items.
- Event organizers and people specializing in the decoration of homes.

Although there are certain general characteristics for all of the clients in the company, it is important to mention that there are two large groups that classify our market:

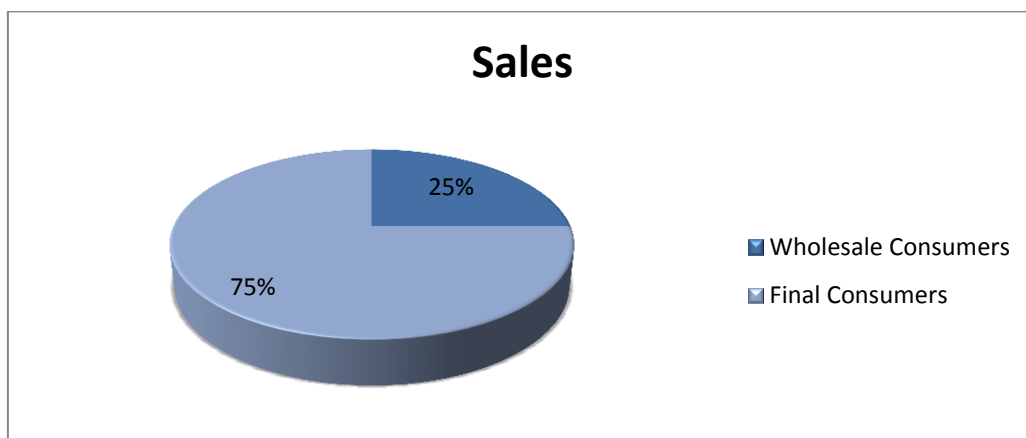
a) Wholesale Customers:

Wholesale customers are those that are characterized by being a group of merchants who buy the merchandise to re-sell it, which is why they have a different price. The idea of setting another price is to protect them from the end customers, because most of them are the ones that reach the end customers and also generate profit for themselves.

To be a wholesale customer it is important to accomplish some requirements established by the company, so that it makes it difficult for anyone to buy at the marked price with a certain difference. In addition, the company maintains the policy of notifying them first.

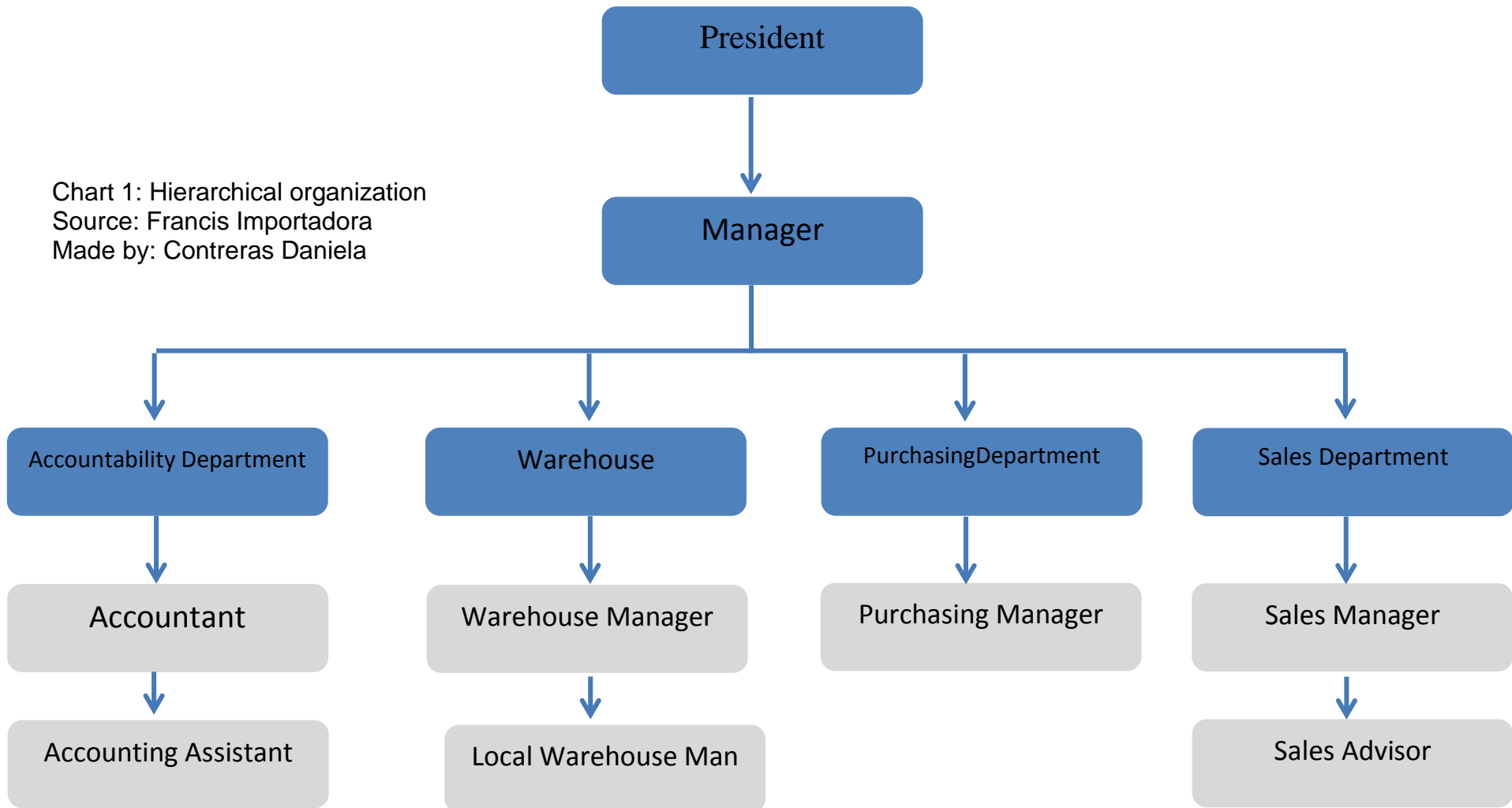
b) Final Consumers:

The group of 'final consumers' represent the 75% of customers of the company; people in this group purchase the merchandise with the purpose of using the products. Francis has a wide range of sales and exhibition for them, as well as discounts and promotions that work to keep them with the brand and achieve a bigger sales market.



2.5 Hierarchical Organization

Chart 1: Hierarchical organization
Source: Francis Importadora
Made by: Contreras Daniela



2.6 Business Values

Values are important characteristics for the good functioning and performance of the company; sometimes values differentiate the organization and motivate customers to prefer. These characteristics can make the consumer loyal to the organization.

The values that characterize Francis Importadora are:

- **Responsability:**

Responsibility is the key to the progress of the company, this value is fundamental to work without problems, nor limitations. It is important to be responsible both with our customers and our suppliers, not forgetting the partners, who also deserve reports on time. To consider responsibility as a primary value in a company is fundamental, because this is the way to gain the trust and confidence of those who contact with it.

- **Compromise:**

In a market where everyday competition is a challenge, the company is always looking for the loyalty of its customers for any of its competitive advantages, so being committed with the customer is fundamental. It generates confidence in the market and brand new standards with some difficulty for those competing companies.

- **Quality:**

Quality has been considered a value focused directly on the product that is provided. However, the company also seeks to provide a quality service, that let people feel at ease with the environment of the company and to feel a different and interesting experience.

- **Continuous Development:**

Continuous development inside the company is demonstrated through constant analysis and improvement, the secret is to use key strategies that seek the sustainability of the company in a long term, this way the organization is not the only one that benefit, but also the staff.

2.7Products

Francis Importadora is a company dedicated to the marketing and distribution of home decoration products. Each of the products and services offered look for the enhancement of environments. Focusing on the improvement of different spaces, it shows the variety of the company, because although there is no specific classification, the following groups of products could be mentioned:

- Glassware
- Toy Store
- School
- Lamps
- Decoration in polyresin
- Wood decoration
- Christmas Items
- Gardening
- Picture Frames
- Religious
- Small Appliances

2.8 Competitors

Cuenca is characterized by being a city surrounded by enterprising people, everyday it is confirmed, there are many small businesses dedicated to the line of bazaar looking for a space in the market, many of them have already caused some impact and keep expanding.

However, there is an specific group of companies that are characterized by their size, capacity and market interests similar to those that Francis Importadora has, some of the most important competitors are:

- Comercial Solis
- Coral Hipermercados- Decoración de hogar
- Comercial Gaby
- Lujo y Confort
- Mega Tienda Santa Cecilia- Decoración de hogar
- Super Stock
- Sukasa

It can be mentioned that these are the main competing companies in the city; each one is dedicated to the import and distribution of products similar to those that Francis commercializes.

Although small companies can be considered competitors, there is a chance that they can also be customers. Some of them are wholesale customers, so they have a different price to resell their products and to reach the markets that Francis Importadora can not.

2.9 Suppliers

This is fundamental in the development of the project; most of the suppliers of the company are national. Although the prices are differentiated by the years of work and the fulfillment of payments in the lines of credit; prices are not as convenient as they were if the merchandise were imported directly by the company.

Despite of the conditions and the current laws, applicable to imports in the country, opportunities are better if the merchandise is purchased abroad. Due to prices and variety, the best option is to travel to China, because of the existence of several business fairs with different companies that facilitate contact with big factories and industrial groups interested in doing international business. The objective is to create a relationship to import and get access to discounts for amounts and high quantities.

The last two years have been negative for the company, since March 2015, the implementation of safeguards, the supply process in the company changed; some costs that were not predicted, increased in the budget planned at the beginning of the year and also the crisis that hits the country today has altered the conditions of the inhabitants.

2.10SWOT Analysis

INTERNAL ANALYSIS

Weaknesses

- In many cases mass purchases have become a problem, as the market is subject to different changes, both in the tastes of the customers and in the prices of the suppliers.
- Advertising is fundamental to reach to a large part of the market. However during the years of existence, this issue has not been prioritized and advertising campaigns have been weak.
- Having domestic suppliers does not provide competitive pricing.
- Low rotation of products in some months of the year, several warehouses were empty due to the lack of inventory of suppliers.
- Weak portfolio movement of the company due to the lack of imports from suppliers, so purchases were not made to suppliers.

Strengths

- Being an open company to the public has generated liquidity, sales are made in cash and thus facilitate reinvestment to the company.
- The location of the company is important, being located in a commercial area outside the historical center of the city has been the reason for clients to find comfort and calm for the attention.
- Logistics and distribution channels have been quite efficient, although the purchases are national, good relations with transport companies and tariffs that benefit the value of the product must be maintained.
- Disposition of an operating system with control tools and accounting movement that facilitate the processes and avoid the loss of time.
- Variety and exclusivity in certain product lines; the company maintains the policy of "variety, not quantity", the company is characterized by having different products, generally exclusive and cheap, that attract customers and consumers.

EXTERNAL ANALYSIS

Threats

- The lack of political security in the Ecuadorian laws has hindered commerce, causing fear in the environment and reducing investments.
- Domestic suppliers reduce credit conditions, due to the country's complicated liquidity situation.
- Buying in the country could be a risky decision; products are having a little rotation and variability, despite of the companies decrease in their international purchases.
- There is some rivalry among traders at the moment of pricing, stronger companies can reduce profits to sell faster.

Oportunities

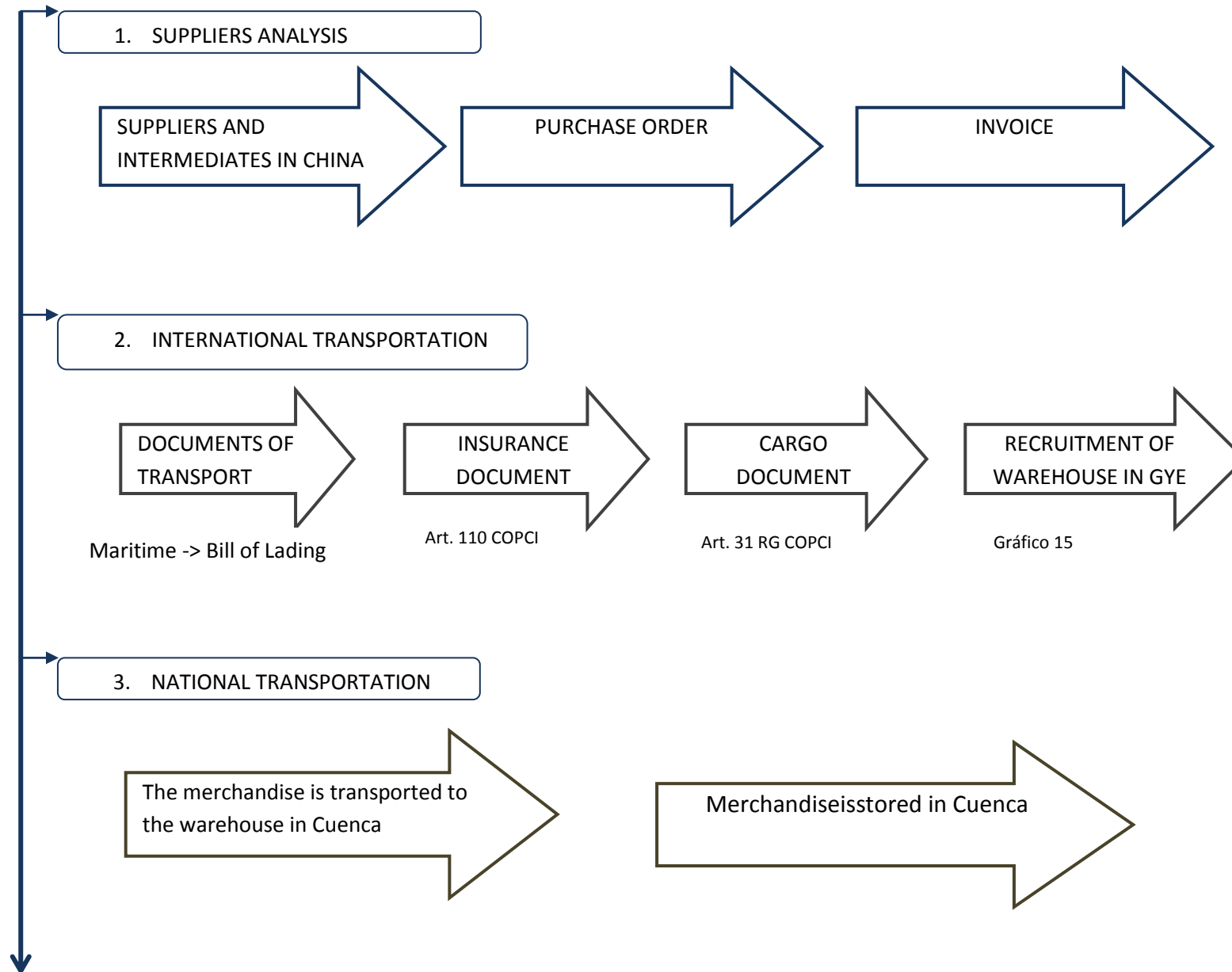
- Analyzing that the largest companies in the country are importing less, motivates Francis Importadora to start importing, in order to vary the merchandise.
- Imports in the country have notably reduced, so that different shipping companies, warehousing, among others, linked to import processes, have reduced their prices to motivate traders.
- When importing different goods, fair prices can be established and also the profit needed to make the company profitable. People is no longer looking for their favorite place, they are searching for new places with different products.
- Social networks and internet are issues that can not be ignored today, the publicity and opportunities that these mechanisms provide are the key to improve sales and making the company popular.

Conclusion

Francis Importadora was born as an undertaking of a couple, who were dedicated to the sale of bazaar products to the final consumer. Although the situation was not always in good for them and the economic conditions of the country were not the best every year, they knew how to get ahead. Today they have more than seven product lines in their company and they are well possessed in the city, being a strong competition for many companies.

Twenty-two years later, the company is still well received by consumers. The experience of the company guarantees the solidity, seriousness and business intelligence by which it performs its functions. The recognition of each of these qualities has been given to its customers, who are the main reason why the company today seeks to expand and start importing, in order to offer better options and prices to its consumers.

CHAPTER 3: ANALYSIS OF THE PROCESS OF PURCHASE AND IMPORT OF DECORATIVE PRODUCTS IN POLYRESIN FROM CHINA



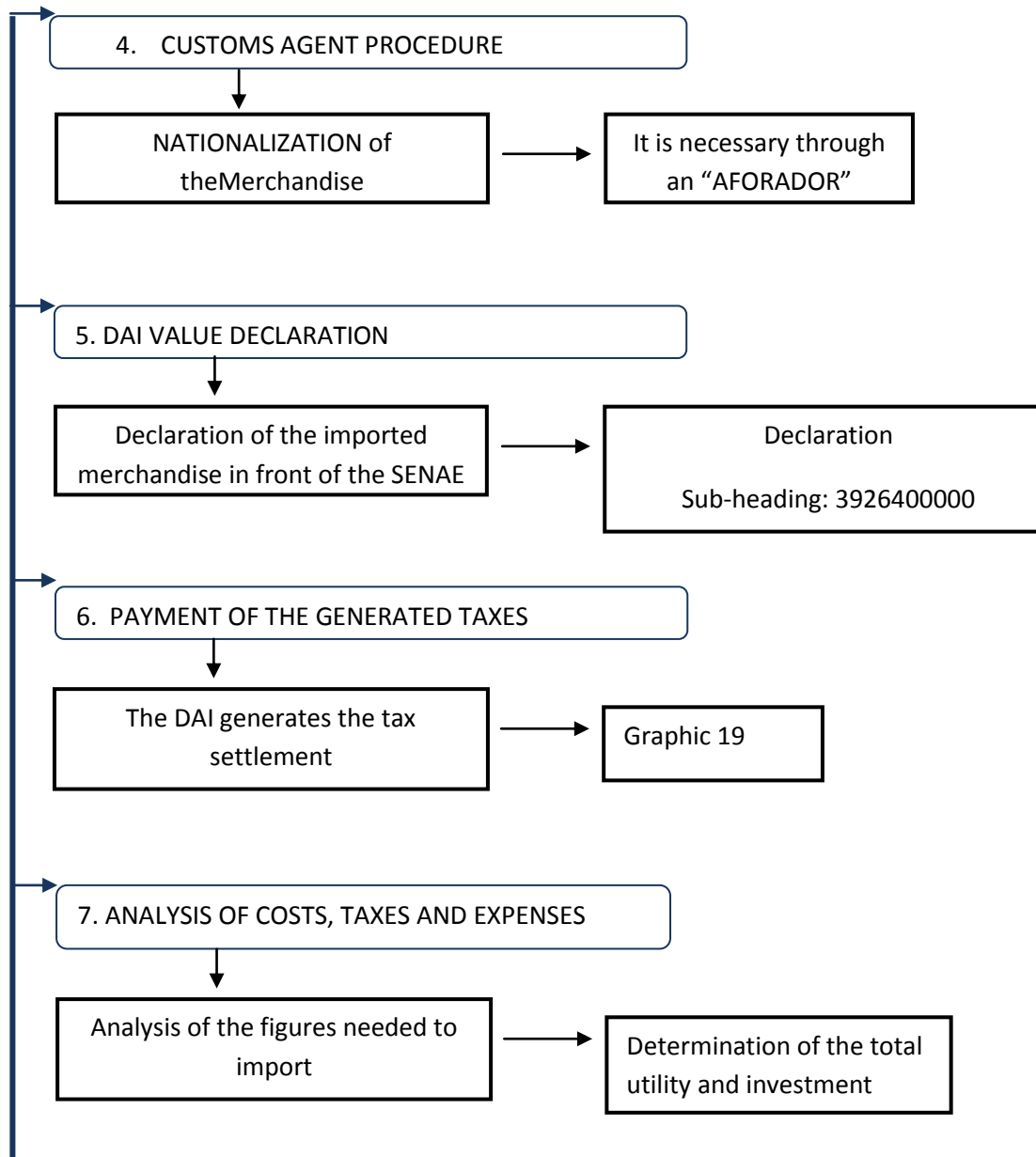


Chart 2: Process Chart
Author: Daniela Contreras

3.1 Supplier Analysis

The board of partners met and requested to make a purchase of a 20-foot container. The main reason is that the investment is quite high and because it is the first import managed by the company in a country where conditions are complicated and taxes are quite high, first it seeks to know if customers and consumers are interested and prefer imported products

Two executives traveled to China in August 2016, in order to schedule three containers. Before the trip they concluded that buying directly from a production company was not a simple matter, since each demanded quantities of manufacture that the company is not ready to import.

Therefore, it was decided to attend to some fairs where different merchandise would be found and the most important, where it could be bought in quantities accessible to the company, without risking investments that could harm it. That is the reason why, it was decided to work through an intermediary company, who will be in charge of making the purchase and then sending the merchandise, under a single and consolidated order.

3.1.1 Suppliers and Intermediaries in China

Business in China, were made through an intermediary company, which despite having translators to facilitate the purchase process, also supported us in the merchandise mobilization phase and exporting to Ecuador.

The company Color TreeToy Co. Ltd. is a company specialized in logistics services; therefore, they are the ones who accompanied us from the moment of the purchase, to the intermediation between the payment and the cargo of the merchandise.

There was important to work this way, because they visited fairs and goods were acquired from different small producers, so that Color TreeToy could purchase the products later and carry out a single export charge. While this

process involves certain commissions for the intermediary company, it is a simpler and more convenient process for Francis. Otherwise full containers from certain producers in China should be loaded, but this would not allow us to have the variety that characterizes Francis.

3.1.2 Purchase Order

After the business visit in China, it is important to communicate with the company with whom the merchandise will be consolidated. This decision is much simpler, because it is preferable to communicate with a single intermediary, than with several providers.

The purchase order must be made early. According to Francis's import schedule, it was done in the first week of October 2016, so that the merchandise notification can be received in the warehouse during the next two weeks.

Una vez recibida la notificación de la empresa, junto con la nota de pedido original y los productos que serían facturados, se procede a la siguiente etapa, que es liberar la mercancía embarcada en el puerto de China.

Once received the notification of the company, the original order note and the products that would be invoiced, it is proceed to the next stage, which is to release the goods shipped in the port of China.

3.1.3 The Invoice

The invoice is a fundamental document in the purchase process, detailing the information of both the supplier and the buyer is extremely important in several processes that are requested at the time of the importation. Graphic 9 details the purchase invoice made on October 16, 2016, which was requested in dollars, to facilitate the procedures.

Likewise, important data is detailed such as costs and rates of internal transportation and local charges, which are considered before arriving at the port and being shipped, are detailed in the lower part.

COLOR TREE TOY CO.LTD.

GUOMAO MANSION,OFFICE 225 CHOUZHOU NORTH ROAD 999,YIWU ZHEJIANG CHINA

INVOICE

COMFRANCIS II COMERCIAL FRANCIS,
TO IMPORTACION Y DISTRIBUCION CIA.
LTDA.RUC: 0190393283001 DANIELA
GUADALUPE CONTRERAS SOLIZ DIRECCI
ÓN: GONZALEZ SUAREZ S/N Y YARUQUI

Invoice No. CT36097-FRA
Date of Invoice OCT.14.2016
Terms of payment T/T

Mark & No	Code	Descriptions	Composition	Origin	Pcs/Ctn	CTN	QTY		Unit Price	Amount
FRA C/NO.:1-	FRA-0037	FLORES ARTIFICIALES	PLASTICO	CHINA	600	1	600	PCS	\$ 0.36	\$ 218.18
	FRA-0038	FLORES ARTIFICIALES	PLASTICO	CHINA	600	1	600	PCS	\$ 0.27	\$ 163.64
	FRA-0039	FLORES ARTIFICIALES	PLASTICO	CHINA	600	1	600	PCS	\$ 0.20	\$ 118.18
	FRA-0040	FLORES ARTIFICIALES	PLASTICO	CHINA	600	1	600	PCS	\$ 0.30	\$ 181.82
	FRA-0041	FLORES ARTIFICIALES	PLASTICO	CHINA	600	1	600	PCS	\$ 0.35	\$ 209.09
	FRA-0042	FLORES ARTIFICIALES	PLASTICO	CHINA	600	1	600	PCS	\$ 0.24	\$ 145.45
	FRA-0043	FLORES ARTIFICIALES	PLASTICO	CHINA	600	1	600	PCS	\$ 0.27	\$ 163.64
	FRA-0045	FLORES ARTIFICIALES	PLASTICO	CHINA	600	1	600	PCS	\$ 0.39	\$ 236.36
	FRA-0046	FLORES ARTIFICIALES	PLASTICO	CHINA	600	1	600	PCS	\$ 0.30	\$ 181.82
	FRA-0047	FLORES ARTIFICIALES	PLASTICO	CHINA	600	1	600	PCS	\$ 0.27	\$ 163.64
	FRA-0048	FLORES ARTIFICIALES	PLASTICO	CHINA	600	1	600	PCS	\$ 0.39	\$ 236.36
	YT0030	ADORNO ANGELES	PLASTICO	CHINA	240	2	480	PCS	\$ 0.26	\$ 123.64
	YS0260	ADORNO LAMPARA	PLASTICO	CHINA	480	1	480	PCS	\$ 0.23	\$ 109.09
	YF1002-1	ADORNO LAMPARA	PLASTICO	CHINA	24	5	120	PCS	\$ 4.55	\$ 545.45
	FRA-0156	PORTA MACETAS	POLIRESINA	CHINA	24	1	24	PCS	\$ 1.97	\$ 47.27
	FRA-0130	GANCHOS DE PARED	HIERRO / MADERA	CHINA	50	2	100	PCS	\$ 0.70	\$ 69.70
	FRA-0131	GANCHOS DE PARED	HIERRO / MADERA	CHINA	4	1	4	PCS	\$ 13.33	\$ 53.33
	FRA-0133	RELOJ DE PARED	HIERRO	CHINA	12	1	12	PCS	\$ 5.91	\$ 70.91
	FRA-0135	TABURETES	HIERRO	CHINA	6	3	18	PCS	\$ 8.48	\$ 152.73
	FRA-0136	TABURETES	HIERRO	CHINA	1	8	8	PCS	\$ 9.09	\$ 72.73
	FRA-0024	GAVETERO	MADERA BAMBU	CHINA	1	10	10	PCS	\$ 22.73	\$ 227.27
	FRA-0025	CESTAS X3	BAMBU	CHINA	2	4	8	SET	\$ 24.24	\$ 193.94
	FRA-0026	GAVETERO	MADERA POLIESTER	CHINA	1	6	6	PCS	\$ 31.82	\$ 190.91
	FRA-0027	CESTAS X3	BAMBU / POLIESTER	CHINA	12	1	12	SET	\$ 9.85	\$ 118.18
	FRA-0028	CESTAS X3	BAMBU / POLIESTER	CHINA	6	2	12	SET	\$ 9.85	\$ 118.18
	FRA-0031	CESTAS X3	BAMBU / POLIESTER	CHINA	1	3	3	PCS	\$ 14.39	\$ 43.18
	FRA-0032	CESTAS CON TAPA	BAMBU / POLIESTER	CHINA	4	1	4	PCS	\$ 6.82	\$ 27.27
	FRA-0033	CESTOS X2	BAMBU / POLIESTER	CHINA	6	3	18	SET	\$ 10.61	\$ 190.91
	FRA-0034	GAVETERO	MADERA POLIESTER	CHINA	1	10	10	PCS	\$ 21.21	\$ 212.12
	FRA-0035	CESTAS X2	BAMBU / POLIESTER	CHINA	4	3	12	PCS	\$ 12.12	\$ 145.45
	FRA-0036	CESTAS X2	BAMBU / POLIESTER	CHINA	4	3	12	PCS	\$ 12.12	\$ 145.45
	FRA-0340	MUEBLE ESQUINERO	METAL / BAMBU	CHINA	10	5	50	PCS	\$ 6.36	\$ 318.18
	FRA-0341	MUEBLE ESQUINERO	METAL / BAMBU	CHINA	8	5	40	PCS	\$ 8.64	\$ 345.45
	FRA-0342	MUEBLE ESQUINERO	METAL	CHINA	8	5	40	PCS	\$ 7.88	\$ 315.15
	FRA-0344	PORTA MACETAS	METAL	CHINA	20	2	40	PCS	\$ 3.33	\$ 133.33
	FRA-0105	MAGNETICOS	MADERA	CHINA	480	4	1920	PCS	\$ 0.27	\$ 523.64
	FRA-0106	CUADROS DE PARED	MADERA / PAPEL	CHINA	8	1	8	PCS	\$ 6.06	\$ 48.48
	FRA-0107	CUADROS DE PARED	MADERA / PAPEL	CHINA	9	1	9	PCS	\$ 5.30	\$ 47.73
	FRA-0145	ADORNO MUNECA	POLIRESINA	CHINA	48	2	96	PCS	\$ 2.58	\$ 247.27
	FRA-0146	ADORNO MUNECA	POLIRESINA	CHINA	36	2	72	PCS	\$ 3.33	\$ 240.00
	FRA-0147	ADORNO MUNECA	POLIRESINA	CHINA	18	2	36	PCS	\$ 5.30	\$ 190.91
	FRA-0148	ADORNO MUNECA	POLIRESINA	CHINA	24	2	48	PCS	\$ 5.00	\$ 240.00

FRA-0137	ADORNO APLIQUE PARED	MADERA	CHINA	24	1	24	PCS	\$ 2.88	\$ 69.09
10079	CANDELABRO	METAL	CHINA	6	1	6	PCS	\$ 17.42	\$ 104.55
2016126	CANDELABRO	METAL	CHINA	4	1	4	PCS	\$ 18.94	\$ 75.76
T120	CANDELABRO	METAL / VIDRIO	CHINA	1	4	4	PCS	\$ 19.70	\$ 78.79
CM234	CANDELABRO	METAL / VIDRIO	CHINA	4	3	12	PCS	\$ 14.39	\$ 172.73
CM233	CANDELABRO	METAL / VIDRIO	CHINA	3	2	6	PCS	\$ 19.70	\$ 118.18
1507-5	CANDELABRO	METAL / VIDRIO	CHINA	12	1	12	PCS	\$ 11.82	\$ 141.82
1507-5	CANDELABRO	METAL / VIDRIO	CHINA	12	1	12	PCS	\$ 11.82	\$ 141.82
S14-D002A	CANDELABRO	METAL / VIDRIO	CHINA	2	1	2	PCS	\$ 20.45	\$ 40.91
FRA-0298	CAJA ORGANIZADOR NINOS	LONA	CHINA	20	3	60	PCS	\$ 2.27	\$ 136.36
FRA-0299	CAJA ORGANIZADOR NINOS	LONA	CHINA	60	2	120	PCS	\$ 1.21	\$ 145.45
FRA-0300	CAJA ORGANIZADOR NINOS	LONA	CHINA	30	2	60	PCS	\$ 1.29	\$ 77.27
FRA-0120	CAJA ORGANIZADOR NINOS	LONA	CHINA	28	5	140	PCS	\$ 2.73	\$ 381.82
FRA-0121	FIGURAS ADORNO JARDIN	POLIRESINA	CHINA	8	16	128	PCS	\$ 3.64	\$ 465.45
FRA-0122	FIGURAS ADORNO JARDIN	POLIRESINA	CHINA	14	10	140	PCS	\$ 4.85	\$ 678.79
FRA-0123	FIGURAS ADORNO JARDIN	POLIRESINA	CHINA	7	12	84	PCS	\$ 7.42	\$ 623.64
FRA-0124	FIGURAS ADORNO JARDIN	POLIRESINA	CHINA	1	5	5	PCS	\$ 22.73	\$ 113.64
FRA-0125	FIGURAS ADORNO JARDIN	POLIRESINA	CHINA	4	2	8	PCS	\$ 8.33	\$ 66.67
FRA-0126	FIGURAS ADORNO JARDIN	POLIRESINA	CHINA	2	1	2	PCS	\$ 10.61	\$ 21.21
FRA-0127	FIGURAS ADORNO JARDIN	POLIRESINA	CHINA	1	35	35	PCS	\$ 16.67	\$ 583.33
FRA-0128	FIGURAS ADORNO JARDIN	POLIRESINA	CHINA	4	4	16	PCS	\$ 8.79	\$ 140.61
FRA-0129	FIGURAS ADORNO JARDIN	POLIRESINA	CHINA	6	4	24	PCS	\$ 6.06	\$ 145.45
									\$ 12,049.39
HANDLE FEE									\$ 121.21
LOCAL CHARGE									\$ 878.79
FREIGHT CHARGE									\$ 1,339.39
TOTAL									\$ 14,388.78

BL NO.:COSU6126885320
CONTAINER&SEAL NO.:CSLU1081442/4501946
NINGBO,CHINA-GUAYAQUIL,ECUADOR

For and on behalf of
COLOR TREE TOY CO. LTD.

Simon
Authorized Signature(s)

Graphic 9: Original Purchase Invoice

Source: Francis ImportadoraCo. Ltd.

3.2 Internacional Transportation

International logistics is important, it should not only be considered as a simple way to transport, because mostly the variability of cost depends on it.

In many cases the shipping companies set the cost of their freight according to the season. The imports and exports reported; the type of container that is required and the time it takes for the container to reach its destination.

Francis had to make a decision in this situation, considering that the season that was approaching was excellent for the trade: Christmas. In order to load the merchandise in the port, an analysis of the shipping costs was made, prioritizing the most recommended, FARLETZA S.A. Same that presented a proforma (Graphic 10). However, due to the suggestion of our supplier, it was contracted a different shipping company with lower costs and very well known in the market.

Cuenca, 20 de septiembre de 2016

Estimado(a)

CLAUDIO CONTRERAS

Ciudad -

Atención: Sr. CLAUDIO CONTRERAS

De mis consideraciones:

Por medio de la presente, nos es grato poner a su disposición nuestras tarifas para carga FCL-FCL, en términos FOB, con destino a GUAYAQUIL, ECUADOR.

FLETE MARITIMO:

PUERTO	20 GP
NINGUNO	\$ 1,450.00

GASTOS LOCALES EN DESTINO:

VISTO BUENO FCL	\$ 89.29 BL	APLICA IVA
HANDLING POR CONTENEDOR	\$ 237.36 CONTENEDOR	APLICA IVA
THC	\$ 150.00 CONTENEDOR	NO APLICA IVA

Subtotal flete: \$1450.00

Subtotal gastos locales en destino(Inc. IVA) \$522.38

:

TOTAL DE LA OFERTA: \$1972.38 (Inc. IVA)

NOTAS ADICIONALES:

- * Tarifas all in.
- * Exoneración de garantías.
- * Tarifas válidas para carga general, apilable, no peligrosa ni con sobredimensión.
- * El tipo de cambio a ser utilizado será el del día del arribo/facturación del embarque. Tipo de cambio utilizado en oferta es estimado.
- * Crédito pre aprobado de 30 días.
- * Tarifa válida hasta 02/10/2016.
- * Salida semanal.
- * 30-35 días de tránsito.
- * 30 días libres de almacenaje.

Agradezco la atención brindada, esperando nuestra propuesta sea de su total agrado.

Quedamos atentos a sus futuras instrucciones.

Atentamente,


WWW.FARLETZA.COM

GUAYAQUIL Kennedy Norte Miguel H. Alcivar y Victor Hugo Siquierro Edif. Torres del Norte, Torre A 2do Piso, Of. 205 PBO: 593 4 2627471 1800 FARLETZA
QUITO Av. Orellana 19 - 195 y 5 de Diciembre Edif. Altal de Orellana, piso 1, Oficinas 101 y 102 PBO: 593 2-3819946 - 593 2-3819947 1800 FARLETZA
CUENCA Av. Federico Malo 1-90 y Av. 12 de Abril, Edif. de la Cámara de Comercio de Cuenca, primer piso PBO: 593 7 4103788 - 4103786

Graphic 10: Shipping Company FARLETZA Proforma

Source: Francis Importadora Co. Ltd.

DELPAC S.A. is a shipping company which gave way to the first import of the company Francis Importadora (Graphic11A, 11B), due to the difference in costs; the total freight was \$ 1,339.39, plus additional costs to Reach the port and THC expenses, totaling \$ 1,747.73; While the price of the other shipping company was \$ 1,972.38.



AGENCIA DEL PACIFICO DELPAC S.A.

Dirección Matriz:
AV. 9 DE OCTUBRE INTERSECCION LOS RIOS
EDIFICIO MARQUEZ PISO 9

Obligado a llevar contabilidad: SI

Teléfono: (04) 2371172

GUAYAQUIL-ECUADOR


R.U.C.: 0991127534001

FACTURA

No.: 001-001-000029881

Autorización No.:
2511201801200100100002988109811275346

Clave Acceso:



25112018010991127534001200100100002988109811275346

Ambiente: Producción **Tipo Emi.:** Normal

Cliente:
COMFRANCIS II COMERCIAL FRANCIS, IMPORTACION Y
DISTRIBUCION CIA LTDA

RUC/CI:
0190393283001

Dirección:
AZUAY / CUENCA / GONZALEZ SUAREZ S/N

Fecha de Emisión:
25/11/2018

Fecha y Hora de Autorización:
25/11/2018 09:25:49

Descripción	Cant.	P. Unitario	Precio Total
SERVICIO DE PROCESAMIENTO (IMP)	1	45,00	45,00
SERVICIO DE MANIPULO DE CONTENEDOR VACIO (IMP)	1	40,00	40,00
SEGURO CONTENEDORES (IMP)	1	25,00	25,00
EMISION DE BL (IMP)	1	45,00	45,00
SERVICIO ADMINISTRATIVO (IMP)	1	35,00	35,00
SELLO DE CONTENEDOR (IMP)	1	16,00	16,00
COSTO DE MANEJO POR ADMINISTRACION POR THC COLLECT (IMP)	1	25,00	25,00
Subtotal:			281,00
NO OBJETO DE IVA			0,00
TARIFA 0%			0,00
TARIFA 14 %			39,34
DESCUENTO:			0,00
IVA:			32,64
VALOR TOTAL:			352,98

Email: ventas@delpac.com / ventas00563@hotmail.com / ventas@delpac-sa.com

Tel: 04122685336

Boques / Viajes: CMA CGM OHIO 122APW

Forma de Pago	Valor	Plazo	Tiempo
OTROS CON UTILIZACION DEL SISTEMA FINANCIERO	288.94	0	Días

Graphic 11A: Shipping Company DELPAC Invoice

Source: Francis Importadora Co. Ltd.



AGENCIA DEL PACIFICO DELPAC S.A.
 Av. 9 de Octubre 2009 y Los Rios
 Edif. El Marquez, Piso 9 Oficina 2-3
 PBX. (04) 2371172
 GUAYAQUIL - ECUADOR

R.U.C.: 0991127534001
RECIBO DE CAJA No: 17684

Nombre:	COMFRANCIS II COMERCIAL FRANCIS, IMPORTACION Y	Fecha:	25 11 2016
R.U.C.:	0190393283001	Gula de Remision	
Domicilio:	AZUAY / CUENCA / GONZALEZ SUAREZ S/N	Fax	
Telefono:			
DESCRIPCION	CANT.	P.UNIT.	IMPORTE
THD	1	145,00	\$ 145,00

COSTOS LOCALES	Sub Total 12%	145,00
NAVE CMA CGM OHIO	Sub Total 0%	0,00
BL: COSU6126885320	Descuento	0,00
	Sub Total	145,00
	I.V.A. 12%	0,00
	Valor Total	\$ 145,00
SON: CIENTO CUARENTA Y CINCO CON 00/100 DOLARES		
ELABORADO	APROBADO	CLIENTE
_____	_____	_____
<small> No debe confundirse con el concepto tarifa indicativa, cuyo valor debe ser pagado a la oficina de destino de la oficina de origen de la U.C. (U.C. de origen). Este tipo de tarifa no es vinculante para el cliente, ya que el cliente debe tener presente que la tarifa de origen de la oficina de origen de la U.C. (U.C. de origen) es la que se aplica para el pago de la tarifa de destino de la oficina de destino de la U.C. (U.C. de destino). De acuerdo a lo establecido en el artículo 10 del Reglamento de la Ley de Comercio Exterior, el cliente debe tener presente que la tarifa de origen de la oficina de origen de la U.C. (U.C. de origen) es la que se aplica para el pago de la tarifa de destino de la oficina de destino de la U.C. (U.C. de destino). </small>		

Graphic11B: Shipping Company DELPAC Invoice
 Source: Francis ImportadoraCo. Ltd.

3.2.1 Transportation Documents

The COPCI refers to transport documents as instruments that materialize an agreement of wills between the user and the Transport Operator. This document establishes its obligations; one party must transport the cargo from the origin to a destined place; while the other one must pay the price determined in the freight. Air transport documents are called Master Airwaybill (Master Airwaybill). International Mail and Postal companies generate Daughter Air Guides or calls HouseAirwaybill (Glossary of General Terms ECUAPASS).

3.2.1.1 Maritime Document: Bill of Lading

The Shipping Lines or International Freight Agents generate a document different from the other types of transport; this one is known as Master Bill of Lading. (Glossary of General Terms ECUAPASS).

The Master of the Bill of Lading, as mentioned above is a transport document used for maritime mobilization; this instrument must contain data of who loads and who will receive the merchandise. It is also important to include information of the ports of departure and arrival, as well as the detail of how many boxes were shipped and a small description of what they contain. In simple terms, BL is the “maritime freight”.

In the case of Francis Importadora, once the merchandise was shipped and listed in the port of Ningbo, the maritime freight called Bill of Lading (Graphic 12A, 12B) was generated. This document was important at the time the container arrived to the port of Guayaquil.

This was essential because it allowed to check the number of boxes and imported merchandise, as well as analyzes what it contains, in order to avoid problems in the future, such as the entry of prohibited or illegal products.

TLX: 22057 COSCO CN
EAX: +86(21) 65458584

IN TRANSPORT BILL OF LADING

1. Shipper COLOR TREE TOY CO., LTD. GUOMAO MANSION, OFFICE 325 CHOUZHOU NORTH ROAD 999, YIWU ZHEJIANG CHINA TEL:057985509420 FAX:057985509420						Booking No. 6126885320		BL of Lading No. COSU6126885320	
2. Consignee COMFRANCIS II COMERCIAL FRANCIS, IMPORTACION Y DISTRIBUCION CIA. LTDA. DANIELA GUADALUPE CONTRERAS SOLIS*						Forwarding Agent and Reference NINGBO Co.			
3. Notify Party COMFRANCIS II COMERCIAL FRANCIS, IMPORTACION Y DISTRIBUCION CIA. LTDA. DANIELA GUADALUPE CONTRERAS SOLIS*						Place and Country of Origin			
4. Combined Transport* Pre-Carriage by						B. Combined Transport* Place of Receipt NINGBO, CHINA			
C. Ocean Vessel Voy. No. CMA CGM OHIO 121AF						F. Port of Loading NINGBO, CHINA		Service Contract No.	
D. Port of Discharge GUAYAQUIL, EC						G. Combined Transport* Place of Delivery GUAYAQUIL, EC		Type of Movement FCL / FCL CY-CY	
Marks & Nos.		No. of Containers or Packages		Description of Goods (If Dangerous Goods, See Clause 2C)		Gross Weight		Measurement	
FRANCIS		228 CARTONS		ARTIFICIAL FLOWERS (FLORES ARTIFICIALES), LAMP (LAMPARA) CUP (TAZA) DECORATIVE ITEMS (ELEMENTO DECORATIVO), BASKET (CANASTA), WARDROBE (ROPERO), SHELF (ESTANTE), PICTURE (CARRO), PORCELAIN (PORCELANA), CHANDELIER (CANDELABRO), CLOCK (RELOJ), CHAIR (SILLA), KEY HOLDER (PORTA LLAVES). *DIRECCION: GONZALEZ SUAREZ S/N Y YARUQUI RUC: 0190383282001 TELEFONO: 593 728 32745		2616.000KGS		27.9000CBM	
ON CY-CY TERM		++ TO		BE CONTINUED ON ATTACHED LIST ++					
Declared Cargo Value US\$				Description of Contents for Shipper's Use Only (Not part of This BL Contract)					
TO: Total Number of Containers and/or Packages (in words) <small>Subject to Clause 7 Limitation</small>				SAY ONE CONTAINER TOTAL					
11. Freight & Charges		Revenue Tonnage	Rate	Qty.	Amount	Paid	Collected	Freight & Charges Payable at Destination	
<small>Received in internal separate good order and condition except as otherwise noted. The total number of the packages or units stuffed in the container, the description of the goods and the weights shown in this Bill of Lading are furnished by the merchant, and which the carrier has no reasonable means of checking and is not a part of this Bill of Lading contract. The carrier has issued original Bills of Lading, all of this tenor and date, one of the original Bills of Lading must be surrendered and endorsed or signed against the delivery of the shipment and subsequent any other original Bills of Lading shall be void. The merchants agree to be bound by the terms and conditions of this Bill of Lading as if each had personally signed this Bill of Lading.</small> <small>*Applicable Only When Document Used as a Combined Transport Bill of Lading.</small> <small>Demurrage and Detention shall be charged according to the tariff published on the Home page at WWW.COSCON.COM. If any ambiguity in query, please search by "Demurrage & Detention Tariff Enquiry". Other services and more detailed information, pls visit WWW.COSCON.COM.</small>						Date Laden on Board 19 OCT 2016 Signed by: CELPAC S.A., AS AGENTE TO COSCON , AS AGENT			
3005 Date of Issue 19 OCT 2016 Place of Issue GUAYADOR						Signed for the Carrier: COSCO CONTAINER LINES CO., LTD.			

Source: Francis ImportadoraCo. Ltd.

REL NO.: COSU6126885320 PAGE: 2 OF 2

Voyage: 121AF

B/L NO.: COSU6126885320 PAGE: 2 OF 2

SHIPPER'S LOAD, COUNT AND SEAL	in Passengers
OCEAN FREIGHT PREPAID	

Source: Francis ImportadoraCo. Ltd.

3.2.2 Insurance Document

Due to the known system of operation of insurers, the contract of the policy must be made before the vessel in which the container is located, departing port. (Graphic 13)

In order to generate an insurance document it is essential to present all the requested documentation, including the Bill of Lading (BL), the invoice issued and all the requirements arranged by the insurance company. Article 110 of the COPCI establishes that the value of transport insurance is also part of the taxable base when calculating the payment of taxes. Therefore, it is important to cancel the value of the document that is declared, even if it is not presented.

The National Customs Service of Ecuador has the authority to make subsequent revisions of the policy, so in case the presumptive value canceled is less than the established value, a rectification of taxes must be made without prejudice to any sanction. (Regulation to Book V, Title II of COPCI, Articles 74-77).

3.2.3 Cargo Document

The Regulation the COPCI, Book V defines the cargo document as a physical or electronic document that contains information about the way of transport, quantity, weight and identification of the merchandise; the same that must be presented by the international carrier or its operator when entering or leaving the country to customs.

In the case of maritime imports, the cargo document must be presented 6 hours before the merchandise arrives to the nearest ports and 48 hours for the others. (Regulation Book V of the COPCI, Art.31).

Article 33 of the COPCI Regulation details the elements that are part of the cargo document; these are (Graph 14A and 14B):

- Identification of the transport and the carrier
- Place of departure and destination
- Date of departure and arrival of the merchandise
- Full information of bills of lading, guides or bills of lading, as the case may be
- For maritime transport cases, cargo unit identification
- Quantity of bulk or bulk goods
- Weight and generic identification of goods
- In case of a consolidated load, it must be detailed. And also the transport document number.

COLOR TREE TOY CO.LTD.

GUOMAO MANSION, OFFICE 225 CHOUZHOU NORTH ROAD 999, YIWU ZHEJIANG CHINA

PACKING LIST

TO: COMFRANCIS II COMERCIAL FRANCIS, IMPORTACION
Y DISTRIBUCION CIA. LTDA. RUC: 0190393283001
DANIELA GUADALUPE CONTRERAS SOLIZ DIRECCIO
N: GONZALEZ SUAREZ S/N Y YARUQUI TELEFONO: 593

Invoice No. CT36097-FRA

Date OCT.14.2016

Mark & No.	Specification	Pcs/Ctn	Ctn	Quantity	Gr.Wt	Net.Wt	Meas.
FRA C/NO.:1-	FRA-0037 FLORES ARTIFICIALES	600	1	600 PCS	22	21	0.1481
	FRA-0038 FLORES ARTIFICIALES	600	1	600 PCS	20	19	0.1066
	FRA-0039 FLORES ARTIFICIALES	600	1	600 PCS	18	17	0.0995
	FRA-0040 FLORES ARTIFICIALES	600	1	600 PCS	28	27	0.1985
	FRA-0041 FLORES ARTIFICIALES	600	1	600 PCS	29	28	0.1959
	FRA-0042 FLORES ARTIFICIALES	600	1	600 PCS	18	17	0.1104
	FRA-0043 FLORES ARTIFICIALES	600	1	600 PCS	21	20	0.1985
	FRA-0045 FLORES ARTIFICIALES	600	1	600 PCS	27	26	0.1181
	FRA-0046 FLORES ARTIFICIALES	600	1	600 PCS	23	22	0.1369
	FRA-0047 FLORES ARTIFICIALES	600	1	600 PCS	23	22	0.1358
	FRA-0048 FLORES ARTIFICIALES	600	1	600 PCS	29	28	0.1985
	VT0030 ADORNO ANGELES	240	2	480 PCS	36	34	0.245
	YS0260 ADORNO LAMPARA	480	1	480 PCS	24	23	0.1248
	YF1002-1 ADORNO LAMPARA	24	5	120 PCS	65	60	1.275
	FRA-0156 PORTA MACETAS	24	1	24 PCS	22	21	0.1413
	FRA-0130 GANCHOS DE PARED	50	2	100 PCS	6	4	0.0704
	FRA-0131 GANCHOS DE PARED	4	1	4 PCS	0	0	0.12
	FRA-0133 RELOJ DE PARED	12	1	12 PCS	10	9	0.0994
	FRA-0135 TABURETES	6	3	18 PCS	36	33	0.2709
	FRA-0136 TABURETES	1	8	8 PCS	24	16	0.1536
	FRA-0024 GAVETERO	1	10	10 PCS	60	50	0.915
	FRA-0025 CESTAS X3	2	4	8 SET	32	28	0.88
	FRA-0026 GAVETERO	1	6	6 PCS	42	36	0.9978
	FRA-0027 CESTAS X3	12	1	12 SET	12	11	0.24
	FRA-0028 CESTAS X3	6	2	12 SET	28	26	0.24
	FRA-0031 CESTAS X3	1	3	3 PCS	18	15	0.2178
	FRA-0032 CESTAS CON TAPA	4	1	4 PCS	4	3	0.119
	FRA-0033 CESTOS X2	6	3	18 SET	30	27	0.72
	FRA-0034 GAVETERO	1	10	10 PCS	60	50	1.325
	FRA-0035 CESTAS X2	4	3	12 PCS	33	30	0.5667
	FRA-0036 CESTAS X2	4	3	12 PCS	33	30	0.5667
	FRA-0340 MUEBLE ESQUINERO	10	5	50 PCS	125	120	0.7855
	FRA-0341 MUEBLE ESQUINERO	8	5	40 PCS	130	125	0.8325
	FRA-0342 MUEBLE ESQUINERO	8	5	40 PCS	110	105	0.705
	FRA-0344 PORTA MACETAS	20	2	40 PCS	40	38	0.56
	FRA-0105 MAGNETICOS	480	4	1920 PCS	16	12	0.1852
	FRA-0106 CUADROS DE PARED	8	1	8 PCS	7	6	0.073
	FRA-0107 CUADROS DE PARED	9	1	9 PCS	8	7	0.0577
	FRA-0145 ADORNO MUÑECAS	48	2	96 PCS	46	44	0.2804
	FRA-0146 ADORNO MUÑECAS	36	2	72 PCS	34	32	0.221
	FRA-0147 ADORNO MUÑECAS	18	2	36 PCS	30	28	0.3484
	FRA-0148 ADORNO MUÑECAS	24	2	48 PCS	36	34	0.2748
	FRA-0137 ADORNO APLIQUE PARED	24	1	24 PCS	22	21	0.1244
	10079 CANDELABRO	6	1	6 PCS	11	10	0.248
	2016126 CANDELABRO	4	1	4 PCS	13	12	0.2132
	T120 CANDELABRO	1	4	4 PCS	16	12	0.3012
	CM234 CANDELABRO	4	3	12 PCS	33	30	0.5058
	CM233 CANDELABRO	3	2	6 PCS	20	18	0.3646

Graphic 14A: Cargo Document Francis Importadora

Source: Francis Importadora

3.2.4 Recruitment of Warehouse in Guayaquil

Once the container arrives at the port, the requested documents are presented and it is necessary to mobilize the cargo to an authorized warehouse. In the real business case, the container that arrived in the first days of December was transferred and stored in the warehouse of CONTECON Guayaquil S.A; place where the mandatory weighing established by the SENAE was carried out. The weighing is necessary because it must be demonstrated that what is detailed in the documents is real.

The company CONTECON also gives place to the inspection, process that in the case of Francis was physical; the National Service of Customs of Ecuador is the agency that arranges the activities that would be realized in the inspections, according to the rules and policies of the Institution. (CONTECON).

In the practical case of the company, the nationalization took place in Cuenca that is why after the inspections seals were placed after and the withdrawal order was generated.

Contecon Guayaquil S.A.

R.U.C.: 0992506717001

Matriz VIA AL PUERTO MARITIMO AV. DE LA MARINA S/N
PBX:(593)46006300 (593)43901700

Guayaquil - Ecuador

CLIENTE

NOMBRE/RAZON SOCIAL: - COMFRANCIS II COMERCIAL FRANCIS

DIRECCION: GONZALEZ SUAREZ SN

CIUDAD: CUENCA

RUC: 0190393283001

PROVINCIA:

OBSERVACIONES

BUQUE: CMA CGM OHIO

BK/BL: VIAJE: 122AFW/122AFW FECHA ARRIBO 11/29/2016 7:20:00 PM
1760013480001 - SERVICIO NACIONAL DE ADUANA DEL ECUADOR DOC:05907382201600002017P

Comprobante para pago No. 001-018-000299556

EMISION: 01/12/2016

VENCIMIENTO: 01/12/2016

CONTRIBUYENTE ESPECIAL
Según Resolución N.0870
de 03 Septiembre 2007

Código	Descripción	Cantidad	V.Unit.	V.Tota
2PTR	ALMACENAJE DE CONTENEDORES	1,0	3,26	3,26
2C09	RECEPCION / DESPACHO DE CONTENEDORES	1,0	42,87	42,87
2P56	PROVISION Y COLOCACION DE SELLOS	1,0	10,44	10,44
2C35	PESAJE CONTENEDORES	1,0	42,87	42,87
2C30	PORTEO DE CONTENEDORES (IMPO)	1,0	50,01	50,01
	DESINFECCION AUTOMATICA DE CONTENEDORES LLENOS Y/O VACIOS	1,0	6,36	6,36
AFCO	OPERACION AFORO / INSPECCION CONTENEDORES ZP	1,0	107,17	107,17
2P56	PROVISION Y COLOCACION DE SELLOS (AFORO)	1,0	10,44	10,44

Este documento hace referencia a la FACTURA No 001-018-000299556 y no tiene validez legal alguna.
La factura autorizada por el SRI la podrá visualizar y descargar en nuestro portal e-billing ingresando al siguiente link: <http://contecongye.e-custodia.com.ec>

SUBTOTAL 273,42

IVA 0%

IVA 14% 38,28

TOTAL US\$ 311,7

IBI CONFORME

NOMBRE

C.I.:

0913281140

aluna

Analista/Facturador

(ORIGINAL)

Graphic 15: CONTECON Invoice

Source: Francis Importadora

3.3 National Transportation

3.3.1 Departure of the goods from the port to the warehouses in Cuenca

When the authorization for the container to leave the warehouse in Guayaquil is ready, the transport must also be delegated to fulfill these functions.

In this case, Francis hired a company of transport called "CITEP", a company that focuses on the container movement to the authorized warehouses of the city of Cuenca, until the merchandise is nationalized.



ORTIZ LAZO WILSON RUBEN

FACTURA

R.U.C. 0101847648001

Dirección: Del Ejecutivo sin

Cuenca - Ecuador Teléfono: 2891-410

Nº 001-001-

0001227

AUT. SRL N° 1118879330

Cuenca, d 6 de DICIEMBRE del 20 16

Señor COMFRANCIS II COMERCIAL FRANCIS RUC/CI.: 0190393283001

Dirección: GONZALEZ SUAREZ Telf.:

FECHA	CANT.	GUÍA	CONCEPTO	V. UNIT.	V. TOTAL
01/12/16	28225		CONTENEDOR 20		600,00
 INTERCHANGE CSLU1081442					
IMPRESO TUC: 0101999415001 RUBIO DELGADO MIGUEL ERIKIAN AUT. N: 21134 TELEFAX: 2856410 ADM7912 EMBOSON SUWAYO2016 CADUCA 31/MAYO/2017 DEL. 1176 AL 1275				SUBTOTAL S	600,00
				% I.V.A. S	
				TARIFA 0 S	
				TOTAL S	600,00
RECIBI CONFORME		ENTREGUE CONFORME			

Graphic 16A: CITEP Invoice

Source: Francis Importadora

COOPERATIVA INTERPROVINCIAL DE TRANSPORTES ECUATORIANOS PESADOS
TRANSPORTES C.I.T.E.P. GUIA DE REMISION N° 001-001- 0028225
 R.U.C. 0390002734001 AUT. SRI N° 1118879366 ACUERDO MINISTERIAL 11793
 Creares electroservicios importador@citep.com

SERVICIO DE TRANSPORTE PESADO DESDE LOS PUERTOS DE GUAYAQUIL, MANTA - PTO. BOLIVAR
 Oficina Manta: Calle 10 de Agosto s/n y Octavio Chacón Edificio de Exhibiciones Parque Industrial Oficina 234 y 235 Telfs.: 2807-098 2806-156 Telefax: 2808-107
 Oficina Guayaquil: Av. 25 de Julio s/n y Vía al Puerto Marítimo (Frente a Petro Ecuador) Telfs.: (04)3842824 - (04) 3842660

FECHA DE EMISIÓN DEL TRASLADO: 03/11/2016 APROBACIÓN VEH: _____
 FECHA DE TERMINACIÓN DEL TRASLADO: 03/11/2016 FECHA DE RECEPCIÓN: _____

MOTIVO DEL TRASLADO
☐ VENTA ☐ TRASLADO (VENEZUELANOS) ☐ DESTRUCCIÓN
☐ COMPRA ☐ DE UNA MAQUINARIA ☐ INFORMACIÓN
☐ TRANSFORMACIÓN ☐ ENVÍO POR CAMIONES PESADOS ☐ EXPORTACIÓN
☐ CONSIGNACIÓN ☐ DE COMPROBANTES DE VENTA ☐ OROS

Camión Disco N° _____
 Propietario: _____
 Chofer: _____
 N° de Placa: _____

N° DE DECLARACIÓN ADUANERA: _____ **Punto de llegada:** _____
Punto de partida: _____ **ADUANA:** _____
DESTINATARIO: _____ **RUC:** _____
Nombre o razón social: _____ **RUC:** _____
Identificación de la persona encargada del transporte: _____
Nombre o razón social: _____
Autorizado: _____
Bienes transportados: _____

N° BULTOS	CONTENIDO	PESO	V. UNIT.	FLETE
1	CONTENEDOR DE 20 CONTENEDORES			

OBSERVACIONES: _____

 POR LA EMPRESA

 CONDUCTOR

 RECIBI CONFORME

Graphic 16B: Document of transport CITEP

Source: Francis Importadora

3.3.2 Storage Contract

ADAPAUSTRO S.A., is a company authorized and controlled by the National Customs Service of Ecuador, which storages merchandise that is not nationalized in the country.

This company works with the SENA E to carry out inspections of imported goods, as well as controls that there are no alterations in both documents and products before the total payment of taxes.

The merchandise stays in ADAPAUSTRO's warehouses until the SENAE receives the Customs Declaration of Import, the Tax Declaration; and these are reviewed and paid, respectively. In the case of Francis Importadora, after the presentation of the documents, the inspection was carried out; because it was the first importation, so the physical inspection was practically mandatory.

ADAPAUSTRO S.A.
ADUANA PRIVADA DEL AUSTRO
 Dirección: Octavio Chacón s/n y Cornelio Vintimilla
 Telefax: 286-5863 / 286-3905 / 286-4080
CUENCA - ECUADOR

FACTURA
 RUC: 0190152197001
 Aut. SRI. N° 1119767300
 Documento Categorizado: NO
 001-001 **0059680**

Fecha de Emisión: Cuenca, 2 de diciembre 2016
 Importador: FRANCIS II COM. FRANCIS CIA. LTDA.
 Dirección: GONZALEZ SUAREZ UNA CUADRA DEL GRUPO
 G.M.I. N° APA-AT-582-2016
 Vencimiento: 03/12/2016
 RUC. ó CI: 0190393283001
 D.U.J. N°:
 Contenedor: COSUE6126885920

DESCRIPCIÓN DEL SERVICIO	V. UNITARIO	VALOR TOTAL
COSUE6126885920 INSPECCION FISICA EN GYE 1 X 20	70.00	70.00

Original ADQUIRENTE: Tera Copia Verde: EXPORTADOR: 2da Copia: Armadora: VUCE

Subtotal \$ 70.00
 Subtotal Tarifa 0% \$ 0.00
 Valor del I.V.A \$ 9.80
 Total a pagar \$ 79.80

FORMA DE PAGO
☐ Efectivo
☐ Dinero Electrónico
☐ Tarjeta Débito/Credito
☐ Otros

Según la Ley de Régimen Tributario LAS RETENCIONES SE RECIBIRAN HASTA 5 DÍAS DESDE LA FECHA DE LA FACTURA CASO CONTRARIO DEBERIA CANCELAR EL VALOR TOTAL Y NUEVE DÍAS DESDE LA FECHA DE LA FACTURA

Son: pagaderos a la orden de ADAPAUSTRO S.A En esta ciudad de Cuenca y en la fecha estipulada en la casilla de vencimiento, por igual al que he(mos) recibo servicios a mi (nuestra) entera satisfacción sin reclamo alguno en lo posterior por tal concepto, obligandome(nos) además pago de intereses a la máxima tasa que permita la ley desde su vencimiento hasta la cancelación total de las obligaciones contraídas en este documento. Quedo (amos) expresamente sometido (s) a los jueces competentes de esta ciudad o de la que elija el demandante en vía ejecutiva y verbal sumaria. Obligandome (nos) al pago de todo gasto judicial o extrajudicial que ocasione el cobro de las obligaciones asumida en este instrumento. SIN PROTESTO

ELABORADO AUTORIZADO RECIBE CONFORME

Graphic 17A: Adapaustro S.A. Invoice
 Source: Francis Importadora

ADAPAUSTRO S.A..

ADUANA PRIVADA DEL AUSTRO

Dirección: Octavio Chacón s/n y Cornelio Vintimilla

Telefax: 286-5863 / 286-3905 / 286-4080

CUENCA - ECUADOR

FACTURA

RUC: 0190152197001

Aut. SRI. N° 1119767300

Documento Categorizado: NO

001-001 0059679

Fecha de Emisión:

Cuenca, 2 de diciembre 2016

Vencimiento:

03/12/2016

Importador:

COMERCIOS II COM. FRANCIS CIA. LT

RUC. ó CI:

0190393283001

Dirección:

GONZALEZ SUAREZ UNA CUADRA DEL GRAN AKI

D.U.I.: N°:

G.M.I.: N°

APA-AT-582-2016

Contenedor:

BLN°:

CO8U6126885320

DESCRIPCIÓN DEL SERVICIO	V. UNITARIO	VALOR TOTAL
ALMACENAJE DT	5.84	5.84
02/12/2016 AL 02/12/2016		
PESAJE CONTENEDOR	36.30	36.30
RECEPCION, DESPACHO Y PORTEO	80.00	80.00
Aforo e inspección	90.74	90.74
PROVISION DE SELLOS	9.68	9.68
SUBTOTAL \$		
		222.56
SUBTOTAL TARIFA 0% \$		0.00
14% VALOR DEL I.V.A \$		31.16
TOTAL A PAGAR \$		253.72

Galera Hurtado Parry Soria REP. NUEVA BAZÓN DE A. C. (Cuenca) 1-21 y 101 Pisos (tel. 413/280 RUC, 019010261001 Aut. 1988)
DEL 11/11/14, 60150 FECH. E. AE. 16/Noviembre/2016 VALIDO PARA SU EMISIÓN HASTA 16/Noviembre/2017

LA LEY DE REGIMEN TRIBUTARIO
LAS RETENCIONES SE RECIBIRAN HASTA 5
DÍAS DESDE LA FECHA DE LA FACTURA
CASO CONTRARIO DEBERIA CANCELAR EL
VALOR TOTAL.

FORMA DE PAGO

Electivo
Débito Electrónico
Tarjeta Débito/Credito
Otros

Son: DOSCIENTOS CINCUENTA Y TRES pagaderos a la orden de ADAPAUSTRO S.A. En esta ciudad de Cuenca y en la fecha estipulada en la casilla de vencimiento, por igual al que he(mos) recibo servicios a mi (nuestra) entera satisfacción sin reclamo alguno en lo posterior por tal concepto, obligandome(nos) además pago de intereses a la máxima tasa que permita la ley desde su vencimiento hasta la cancelación total de las obligaciones contraídas en este documento. Quedo (amos) expresamente sometido (s) a los jueces competentes de esta ciudad o de la que elija el demandante en vía ejecutiva o verbal sumaria. Obligandome (nos) al pago de todo gasto judicial o extrajudicial que ocasione el cobro de las obligaciones asumidas en este instrumento. SIN PROTESTO

ELABORADO

AUTORIZADO

RECIBE CONFORME

Graphic 17B: Adapaustro S.A. Invoice

Source: Francis Importadora



ADAPAUSTRO S.A..

ADUANA PRIVADA DEL AUSTRO

Dirección: Octavio Chacón s/n y Cornelio Vintimilla

Telefax: 286-5863 / 286-3905 / 286-4080

CUENCA - ECUADOR

Fecha de Emisión:

Cuenca, 2 de diciembre 2016

Importador:

COMFRANCIS II COM. FRANCIS CIA. LT

Dirección:

GONZALEZ SUAREZ UNA CUADRA DEL GRAN AKI

G.M.I. N°

APA-AT-582-2016

BI N°:

CORU6126885320

FACTURA

RUC: 0190152197001

Aut. SRI. N° 1119767300

Documento Categorizado: NO

001-001 **0059678**

Vencimiento:

03/12/2016

RUC. ó CI:

0190393269001

D.U.I.: N°:

Contenedor:

DESCRIPCIÓN DEL SERVICIO	V. UNITARIO	VALOR TOTAL
SERVICIO DE LOGISTICA Y COM.EXTERIOR QUE DICE CONTENER: ART. DE BAZAR 1 X 20	150.00	150.00

Galena Hurtado Parry Soule NIP NÚMERO DE AUTORIZACIÓN: 1-21 y en Pasa del 410/980 RUC, 01/01/2017 Aut. 11653
DEL 59651 AL 60150 FECH. E.AB. 16/Noviembre/2016 VALIDO PARA SU EMISIÓN HASTA 16/Noviembre/2017

SUBTOTAL \$

150.00

SUBTOTAL TARIFA 0% \$

0.00

VALOR DEL I.V.A \$

21.00

TOTAL A PAGAR \$

171.00

SE LA LEY DE REGIMEN TRIBUTARIO
LAS RETENCIONES SE RECIBIRAN HASTA 5
DÍAS DESDE LA FECHA DE LA FACTURA
CASO CONTRARIO DEBERIA CANCELAR EL
VALOR TOTAL.

FORMA DE PAGO

Electivo
Dinero Electrónico
Tarjeta Débito/Credito
Otros

Son: CIENTO SETENTA Y UNO 00/100 D pagaderos a la orden de ADAPAUSTRO S.A En esta ciudad de Cuenca y en la fecha estipulada en la casilla de vencimiento, por igual al que he(mos) recibo servicios a mi (nuestra) entera satisfacción sin reclamo alguno en lo posterior por tal concepto, obligandome(nos) además pago de intereses a la máxima tasa que permita la ley desde su vencimiento hasta la cancelación total de las obligaciones contraídas en este documento. Quedo (amos) expresamente sometido (s) a los jueces competentes de esta ciudad o de la que elija el demandante en vía ejecutiva o verbal sumaria. Obligandome (nos) al pago de todo gasto judicial o extrajudicial que ocasione el cobro de las obligaciones asumida en este instrumento. SIN PROTESTO

ELABORADO

AUTORIZADO

RECIBE CONFORME

Graphic 17C: Adapaustro S.A.Invoice

Source: Francis Importadora

3.4 Customs Agent Procedure

3.4.1 Nationalization of the merchandise

When the SENA E inspections conclude, the person in charge is responsible to give to the warehouse exit permission. When the cargo is ready, ADAPAUSTRO is responsible for preparing the permissible document so that the merchandise reaches its destination.

Francis Importadora, contracted the services of the transport company CITEP, in order to mobilize the container to the warehouses of the company.

3.5 Declaration of Value of the Customs Import Declaration

The Customs Declaration is a fundamental document at the time of the nationalization of the imported goods, it is important to present this instrument before the goods are authorized. The Director or General Manager is the only one able to establish the procedures of this document.

The National Customs Service of Ecuador is the only organization capable of authorizing the release of goods without presenting the Customs Import Declaration; if it is established in the Organic Code of Production, Trade and Investment.

When importing war material, in the case of the Armed Forces, the presentation of the Customs Import Declaration is exempted (Book V, Title II of COPCI, Art. 139).

In the case of the company Francis, the customs declaration of import is a document prepared by the agent, who is fully qualified to carry it out. For this reason in Graphic 18, you can see a part of the extensive statement, where the subheading 3926400000, corresponding to figures of polyresin is detailed.

Consulta de detalle de la declaración

No.	Subpartida	Codigo complementario	Codigo suplementario	Descripcion	Pais de origen	Peso neto	Cantidad de unidades comerciales
59	3926400000	0000	0000	FIGURAS ADORNO JARDIN	CHINA	25	5
6	6702100000	0000	0000	FLORES ARTIFICIALES	CHINA	17	600
60	3926400000	0000	0000	FIGURAS ADORNO JARDIN	CHINA	18	8
61	3926400000	0000	0000	FIGURAS ADORNO JARDIN	CHINA	6	2
62	3926400000	0000	0000	FIGURAS ADORNO JARDIN	CHINA	140	35
63	3926400000	0000	0000	FIGURAS ADORNO JARDIN	CHINA	32	16
64	3926400000	0000	0000	FIGURAS ADORNO JARDIN	CHINA	32	24
7	6702100000	0000	0000	FLORES ARTIFICIALES	CHINA	20	600
8	6702100000	0000	0000	FLORES ARTIFICIALES	CHINA	26	600
9	6702100000	0000	0000	FLORES ARTIFICIALES	CHINA	22	600

Graphic18: Import Customs Declaration

Source: Francis ImportadoraCía.Ltda.

3.6Payment of Generated Taxes

When generating the Import Customs Declaration the settlement is also issued, document that details the values to be paid for the total of the purchase abroad.

The DAI specifies all the information presented during the whole process, from the data of the company that loads, the importer, the declarant or agent, the detailed declaration of the cargo according to the invoice, and the taxes to be canceled so that the it can be nationalized.

In the Graphic 19 you can see how the values to be paid in the settlement of Francis Importadora Company are detailed; in this instrument each value is specified separately, stating that the total in taxes is \$ 11,767.48.



Consulta de detalle de la declaración

Número de DAU	091-2016-10-00743398
---------------	----------------------

Información de general

Aduana	CUENCA	Código de régimen	IMPORTACION A CONSUMO
Tipo de despacho	DESPACHO NORMAL	Número de despacho	
Tipo de pago	PAGO NORMAL	Fecha de Aceptación	02/12/2016 11:14:54

Información de Importador

Nombre	COMFRANCIS II COMERCIAL FRANCIS, IMPORTACION Y DISTRIBUCION CIA	Número de	RUC-0190393283001
Ciudad	CUENCA	Teléfono	
Dirección	GONZALEZ SUAREZ SN Y YARUCUI		
Ciudad	VENTA AL POR MAYOR DE OTROS PRODUCTOS		

Información del declarante

Apellidos / nombres	CANTOS GERMAN POLIVO	Número de	RUC-0101057396001
Código del declarante	01901090		
Dirección	AV ESPANA 1091 Y FRANCISCO PIZARRO		

Información de carga

País de procedencia	CHINA	Código de endoso	SIN ENDOSE - DOC DE IDENTIDAD EN DOC DE
Beneficiario del giro	COMFRANCIS II COMERCIAL FRANCIS, IMPORTACION Y DISTRIBUCION	Número de carga	CEC2016CMAU019720130000
Documento de transporte	COSU6126885320		

[Comun]

Valor en aduana

Fob	13049.302	Flete	0
Seguro	50	Ajustes	0
Otros ajustes	0	Valor en aduana	14438.78
Items declarados	64	Peso neto (kilos)	2389
Cantidad de unidades físicas	11216	Cantidad de unidades comerciales	11216
Total en tributos	11787.48		

[Item]

Firma del Contribuyente

1 de hoja /9 total de hojas

Firma del Declarante

Graphic 19: Import Customs Declaration Settlement

Source: Francis ImportadoraCo. Ltd.

3.7 Analysis of costs, taxes and expenses

The intention of Francis Importadora's case of study was to demonstrate the advantages of starting a new method of sourcing, importing. Although the conditions today are complicated for those who use the mentioned method, due to the existence of new laws and tariffs; the following table shows the total expenses and how they are involved in the final price; As well as the benefits they provide to the company.

For the calculation of the CIF, the values determined in the invoice issued by the supplier were considered. Local recharges, freight rates, FOB (subtotal of the invoice), freight (because it was contracted by the supplier), plus the transport insurance policy agreed by the company Francis Importadora Co. Ltd. In the expenses are the taxes and duties calculated in the country when arriving at the port of Guayaquil. The tariff charged to the products imported by the company is: 25% tariff Ad Valorem; 35% in safeguards and 0.5% in FODINFA; these values are calculated from the CIF value.

The detailed foreign expenses contain commissions charged by the intermediary, which represents 5% of the subtotal of the merchandise sold.

The Foreign Currency Exit Tax (FCET) and transfer expenses are costs that the bank automatically retains, the bank is responsible for withholding the 5% established in the law, while the commission for the transfer is an intern certain rate.

Due to the merchandise being nationalized in Cuenca, it is transported to authorized warehouses previously contracted. Adapaustro S.A. Is the organization that supervises the container since it leaves the port to the inspection, first in Guayaquil and later in Cuenca. During this process, the transportation contracted in the Guayaquil-Cuenca route is considered. Once it is in the destination, the contracted Customs Agent and the SENAIE inspect and nationalizes the merchandise. Local expenses also include the cost of tickets for those who traveled to China to complete the purchase process. However, this total cost of \$ 1,500.00 has been divided for three planned containers.

COSTS AND EXPENSES CALCULATION

LOCAL CHARGE	878,79
HANDLE FEE	121,21
FOB	12.049,39
FREIGHT	1.339,39
Insurance	52,45
CIF	14.441,23

TOTAL OF EXPENSES	8.549,19
ADVALOREM 25%	3.648,54
SAFEGUARDS 35%	4.828,47
FODINFA 0.5%	72,18
FOREIGN EXPENSES	602,47

Foreign Currency Exit Tax	750,00
----------------------------------	---------------

TRANSFERENCE EXPENSES	219,90
------------------------------	---------------

LOCAL CHARGES	2.266,58
Shipping Company	231,00
Customs Warehouse	273,42
Intern Logistics	70,00
Intern Logistics	222,56
Intern Logistics	150,00
Customs Agent	219,60
Movilization	600,00
Flight Tickets	500,00
TOTAL CONTAINER IN DESTINATION	26.266,90

Chart3: Costs and Expenses Scheme

Author: Daniela Contreras

3.8ChapterConclusions

Francis Importadora is a decoration company in Cuenca with many years of experience; although the conditions have been favorable for a while, it is easy to recognize that competition became stronger.

The company decided to start importing, which represents an important stage for the organization because of the advantages it brings, including the variety of products, prices reduction and to generate a strong competition in the market.

At the beggining the idea of buying in China seemed complicated and impossible; however the topic was carefully analyzed, what helped and allowed to develop every phase as fast as possible.

GENERAL CONCLUSIONS

To conclude this project it is important to emphasize that the processes and documents were not taken from an earlier research, but that each stage detailed in this document was experienced step by step, so that the information is real and reliable.

The case of study presented leads us to the following conclusions:

- Information sources that promote foreign trade do not contain the necessary material to engage in import-based trade; For that reason, it has been detailed step by step the necessary requirements and stages so that whoever is interested can understand that it is not a complex process and put it into practice.
- One of the characteristics that let the company to take advantage is that it has a past that has placed it in an important position for the competition, which demonstrates that starting to import is a good decision.
- In spite of the logistical expenses, taxes and tariffs that are considered when establishing prices; the costs in China do not concern the company at all.
- Although Francis Importadora took an important risk when they decided to import in a season where tariffs were one of the biggest expenses; it should be considered that in the following purchases this item has a tendency to decrease, which will positively influence future costs.
- When importing directly, a limit of profit is established between 30% and 40% depending on the product, because of the lack of variety in the market it is allowed to establish the most appropriate price for it.
- Providing the company with products purchased from domestic suppliers limits profit rates, as these companies usually also supply the competition and many important customers.

Although this was the first import of the company Francis Importadora Cía.Ltda., and there were no major difficulties, it is important to mention that each purchase is a different experience. Therefore, it should be taken into account

that it is important to carry out each stage in a correct and clear way, so that at the end you will not find any problems or drawbacks that could make you waste money or time

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- Comité de Comercio Exterior. Resolution No. 011-2015. Ecuador, 11 de marzo de 2015.
- Comité de Comercio Exterior. Resolution No. 001-2016. Ecuador, 21 de enero de 2016.
- Comité de Comercio Exterior. Resolution No. 006-2016. Ecuador, 29 de abril de 2016.
- Comité de Comercio Exterior. Resolution No. 021-2016. Ecuador, 26 de octubre de 2016.

International Legislation

- Decisión del Acuerdo de Cartagena 57. Registro Oficial 317 de 20 de abril de 2014.

ANNEXED MATERIAL

ANNEXED A

Packing in China



ANNEXED B

Photos of Polyresin Products

Items in Polyresin



Source: SantiniChristmas

Itemsin Francis Importadora



Source: Francis ImportadoraCo. Ltd.