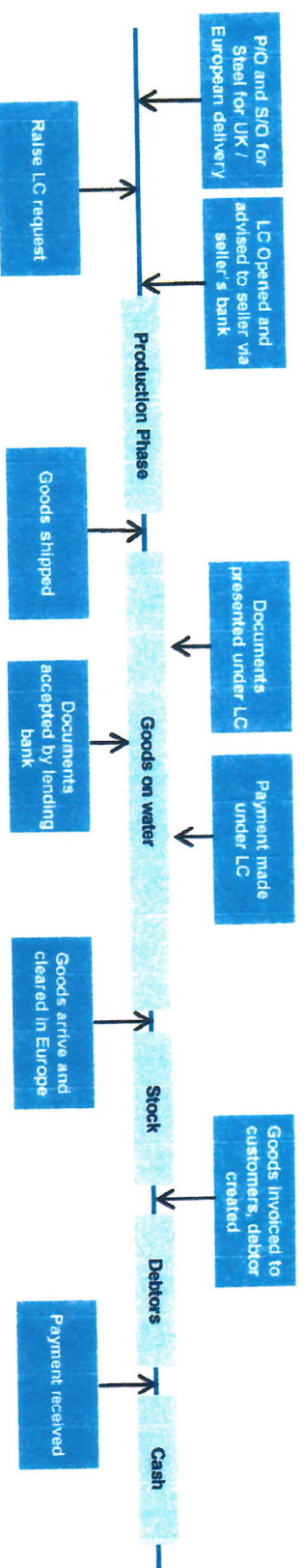


# European Trade Flow

Illustrative trade flow



- Life cycle of transaction is 100-270 days and will vary depending on the logistics (Asia to Europe has longest lead times due to timing of goods on water)
- Customer credit terms usually 60 days from end of the month from invoicing

## Timescale / Timetable of an International Steel Trade

- Enquiries received from various UK Customers for Total 10,000MT of Hot Dipped Galvanised Steel Coil, required for February-April'2021 Delivery. Received 01<sup>st</sup> – 05<sup>th</sup> September 2020.
- Enquiry sent to various overseas Mills, in Far East Asia, India, Turkey and South America. Enquires sent 03-05<sup>th</sup> September 2020.
- Offers received from various Steel Mills, this time India being the most competitive and can offer the delivery period required, ie : February 2021. Offers received 07<sup>th</sup> September 2020, with validity of offer 09.09.20.
- Offers made to various UK Customers on 07/08<sup>th</sup> September 2020 with validity of offer of 09.09.20.
- Business booked 09.09.20 for approx. 10,000MT of Hot Dipped Galvanised Coil from India to Newport, UK discharge on CFR F.O. basis.
- Purchase Contracts signed with Mill and Sales Contracts signed with UK Customers on 10.09.20.
- Irrevocable Letter of Credit opened through our Banks with India Steel Mills Ban, stating all contractual terms, including price, amount, production and delivery / shipment dates. PLEASE NOTE THAT ONCE THE IRREVOCABLE LETTER OF CREDIT IS OPENED WE ARE 100% FINANCIALLY COMMITTED TO THAT PURCHASE.
- Material is produced over November / December 2020 in India and is shipped by 05.01.21.
- Material is loaded on board vessel on 02-04.01.21 and documents are sent to Beneficiary's (Mill's) Bank for presentation under the L/C and they are then sent to Opening Bank (our bank) for checking. Once confirmed all in order, maximum 14 days, the funds are then cashed.
- Vessel takes approx. three to four weeks for shipment / sailing time from India to Newport, depending on how many other ports the vessel stops at first. Vessel arrives approx. 02.02.21.
- Material is discharged from vessel in Newport by our Port Agent to store, and then re-delivered to the contracted customers over the next three months, depending on their stipulated delivery period.
- UK Customers generally pay on 75 days from end of month of delivery, therefore get paid for the completion of the steel/goods by 15<sup>th</sup> July 2021, ie: 75 days from 30.04.21, last delivery date.

From the above you can see that the timescale on an international trade, takes approximately 5 months to complete. From commencement of enquiry to finalisation of shipment/delivery to UK Port. This can take longer if material is coming from China, North and south East Asia, as the standard sailing time is 6-7 weeks.

The Importer / Trader is financially at risk for this five to six month period as our Bank have opened the Letter of Credit, which is irrevocable and therefore completely binding, under Law, on our behalf, therefore is taken immediately from our financial facility with that Bank.

We are now entering binding steel contracts into the first quarter of 2021 and therefore need immediate assurance that these goods can be entered duty free into the UK, once we depart from the European Union on 31.12.20...??!!