

Five Things to Know About Starting to Trade Internationally

For many businesses, doing business internationally opens up a whole different level of possibilities for both profits and expansion. On the macro level, it contributes to a larger global economy, where entities in different countries are able to support each other as needed. On a micro level, it gives these entities access to different goods and services that may not be available in their home countries. However, when doing business internationally for the first time, there are a lot of different issues you need to consider. Here are some standouts.

1. Payment Is Different

When you put together any sort of business partnership or trade deal, you need to determine the terms of the deal as well as ensure there is an understanding of what will happen if things go wrong. For international trade, you also need to give added attention to which currency will be used. Depending on leverage and your thoughts about currency markets, it may be better to use another country's currency.

2. You May Need To Protect Your Intellectual Property

Intellectual property is created and traded on a daily basis, but when international trade is added to the mix, it can create a bit of a wrinkle. Many countries do not value intellectual property in the same way as the United States, and laws can vary dramatically from country to country. In fact, in 2010, General Keith Alexander, the then-commander of the U.S. Cyber Command and director of the National Security Agency, said that "our Intellectual Property here is about USD 5 trillion. Of that, approximately USD 300 billion [6%] is stolen over the networks per year." While you cannot protect against all forms of hacking or intellectual property theft, you can come to an agreement with your trading partners. If intellectual property is a significant part of your business, make sure that you have legal recourse to act should your IP be improperly disclosed or misused by your trading partner.

3. Different Countries Have Different Regulations

While explaining every single country's trade regulations could fill several books, there are a few terms you will want to understand well before you even think about international trade. For example, if you import goods from other countries, you may have to pay a duty based on their value or other factors, like weight. Some countries simplify this with bilateral trade agreements that create the same rules for both participating countries. Similar rules may apply for transfers of intellectual property.

4. Know About Your Paperwork

In the same vein of the different trade regulations countries have in place, you may find your business responsible for drafting and/or filling out documents in both countries. Make sure you have legal support to see what responsibilities you will face.

5. Communication Is Essential

When working with a trade partner for the first time, it's natural to have questions or issues that may pop up. However, there's a big difference between reaching out to someone in your same city or state, and to someone else across the world in a completely different time zone. Business is done differently in different countries. Language can often be a barrier. Make sure you have a trusted go-between or set communication hours (and perhaps confirm translations) to discuss potential issues as they arise.

In many cases, it's difficult enough for business people to manage their own legal affairs on top of their business duties. Entering international trade often adds a new layer of complexity. Before moving ahead to take this major step, trust an experienced attorney to guide you on the path to business success.