

ARTIFICIAL INTELLIGENCE (AI) AND INTERNATIONAL TRADE: HOW TO USE IT

The widespread use of artificial intelligence (AI) in the most competitive companies is transforming foreign trade operations by automating various aspects of export and import operations. Thus, for example, Artificial Intelligence makes it possible to:

- Automate repetitive tasks, such as document processing, inventory management or shipment tracking.
- Optimize logistics processes, improving delivery times and increasing efficiency in the supply chain.
- Analyse and evaluate suppliers based on performance, quality, pricing and other key factors.
- Improve real-time customer support through chatbots (virtual assistants) that can communicate in multiple languages and provide fast, accurate responses.
- Perform automatic translations in real time, in several languages, which according to experts improves the results of other automatic translators such as Google Translate or DeepL.

But, in addition to all these uses and many others, Artificial Intelligence can be relevant in a key function of foreign trade such as obtaining information and analysis in each of the phases of identification and negotiation with international customers.

To assess the effectiveness of AI in this area, we asked the GTP Plus Chat - the OpenAI payment tool - for 10 important pieces of information for any international sale and purchase process (export and import) of goods.

For this we have made the assumption of an Italian exporter of wooden doors who wants to enter the U.S. market, i.e. a product easy to understand and a country where there is a lot of information.

Below we show the questions and the results obtained for each of them, with an evaluation in terms of information that can be obtained from other Internet sources.

1. TARIFF CODE FOR PRODUCTS

The identification of the tariff code of products is a key information for foreign trade since it allows to know the tariff applied in import customs, as well as export and import statistics and even companies that trade with that product.

Question: What is the tariff code for wooden doors?

The tariff code for wood doors may vary depending on the country and the classification system used. The most commonly used international tariff system is the Harmonized System (HS), which assigns a numerical code to each product to facilitate international trade.

Under the HS, the tariff code for wooden doors is generally found in tariff heading 4418. This heading covers "Frames, doors and their frames and thresholds, of wood" and

includes different types of wooden doors, such as interior doors, exterior doors, garage doors, among others.

However, it is important to note that within heading 4418 there may be further subdivisions depending on the specific characteristics of the doors, such as type of wood used, design, finish, etc.

Assessment: Chat GTP provides partial but correct information although only lists the 4-digit tariff code (4418), which includes wooden doors. If asked again to provide a breakdown of the subheadings included in that heading, it does not answer.

Alternative source: this information can be found more precisely and free of charge on the World Trade Organization's [Global Trade Desk](#) website.

YES

NO

2. TARIFFS APPLIED BY COUNTRIES TO THE IMPORTATION OF PRODUCTS

Knowing the tariffs applied by different countries to the import of products is relevant since it makes foreign products more expensive in relation to those manufactured in the local market and can even prevent the export operation itself.

Question: What tariff applies the United States apply to the import of wooden doors?

For up-to-date and accurate information on tariffs applied to the importation of wood doors into the United States, you can consult official sources such as the Office of the United States Trade Representative (USTR) or the U.S. Customs and Border Protection (CBP). These institutions have detailed information on current tariff rates and any recent changes in U.S. trade policies.

Assessment: Chat GTP does not offer any information in this regard and refers to the US Department of Commerce and Customs.

Alternative source: a very complete information on applied tariffs by country and product can be found on the [Access2Markets](#) website, although this website belongs to the European Union Commission and is only accessible from EU countries.

YES

NO

3. EXPORTS AND IMPORTS BY COUNTRIES AND PRODUCTS

Information on export and import flows is a very important reference for the purpose of selecting target markets, identifying potential competitors and establishing international marketing strategies.

Question: From which countries does the United States import wooden doors?



As of my most recent knowledge in September 2021, the United States imported wood doors from several countries around the world. Some of the major countries from which the United States imports wood doors include:

China - China has historically been a major supplier of wood doors to the United States. Chinese wood doors are known for their competitive pricing.

Canada: Canada is another important supplier of wood doors to the United States. The geographic proximity between the two countries facilitates trade in wood products.

Mexico: Mexico is also a significant supplier of wood doors to the United States. The geographic location and the close trade relationship between the two countries favor the exchange of wood products.

Brazil: Brazil is known for its wood production and also exports wood doors to the United States. The quality of Brazilian wood is appreciated in the international market.

Indonesia: Indonesia is another country that exports wood doors to the United States. The country is known for its timber industry and supplies a variety of wood products to the U.S. market.

These are just a few examples of countries from which the U.S. has imported wood doors in the past. However, keep in mind that trade trends can change over time, so there may have been changes in supplying countries since then. I would recommend checking for updated information on specific imports before making trade decisions.

Assessment: as can be seen, the information obtained through Artificial Intelligence is very generic since it is limited to mentioning some of the main exporting countries of wooden doors, but without entering data on amounts, number of doors, import trends in the last few years, etc.

Alternative source: through the [Trademap](#) website, it is possible to obtain with great precision and reliability all the data to value the imports made by the United States from different countries of the world.

YES	NO
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4. COUNTRIES OF ORIGIN OF IMPORTS

As in the previous question, the answer to this question serves to assess the sales potential of a country's products in other countries; in this example the sales potential in the United States of wood doors manufactured in Italy.

Question: *Does the United States import wooden doors from Italy?*

Yes, the United States imports wood doors from Italy and other countries around the world. Imports of wood products, including doors, are common in international trade. However, please note that specific details about importing wood doors may vary depending on the trade and customs regulations in place in both countries.

Assessment: The response of Chat GTP is limited to confirming that the United States imports wooden doors from Italy, as well as from other countries, but without providing any data. When Chat GTP is asked again to provide data on these imports, it does not offer any information.

Alternative source: as in the previous question, through the [Trademap](#) website, it is possible to obtain with great accuracy and reliability all the data on imports of wooden doors made by the United States from Italy.

YES

NO

5. COMPANIES IN A COUNTRY THAT IMPORT A CERTAIN PRODUCT

Perhaps the most important piece of information in any international trade strategy is to identify which potential customers a company has in a given country, preferably companies that are already importing this product.

Question: *Which United States. companies import wood doors?*

There are several companies in the United States that import wood doors. Here are some options you may want to consider:

1. Masonite International Corporation: they are a leading manufacturer and distributor of interior and exterior doors. They import high quality wood doors from different parts of the world.
 2. Simpson Door Company: This company specializes in the manufacture of custom wood doors. While they do not import directly, they work with distributors and retailers who can import wood doors from a variety of sources.
 3. Woodgrain Millwork: This company manufactures and distributes a wide variety of wood products, including interior and exterior doors. They import wood doors from different countries to meet the needs of the market.
 4. Allegheny Wood Works: This company focuses on manufacturing high quality wood doors and offers a selection of styles and designs. Although they do not import directly, they collaborate with wood suppliers from around the world.
 5. Baird Brothers Fine Hardwoods: Specializing in wood products, this company imports wood doors from different countries and customizes them to customer specifications.
- These are just a few of the companies in the United States that are involved in importing wood doors. I would recommend contacting each one directly for more information on the products and import options they offer.

Assessment: the answer includes five of the largest manufacturers and importers of wooden doors in the United States, although no further information is provided about their turnover, number of employees, which countries they import from, etc. When GTP Chat is asked to give more names of importing companies, it gives more names in groups of five at a time for each request, which makes it possible to obtain a very extensive list.

Alternative source: there are different websites and online directories that offer lists of importers by products and countries, such as [Kompass](#) (which has a free and a paid version) [Trademap](#) (free version).

YES

NO



6. DOCUMENTS REQUIRED BY COUNTRY CUSTOMS FOR IMPORTING PRODUCTS

The documentation to be presented to customs is an important issue, especially in complex countries or products related to health, safety or the environment. If all the documents are not completed correctly, the import clearance would be paralyzed, with the consequent damage for the exporting and importing company.

Question: What documents does U.S. Customs require for importing wooden doors?

To import wood doors into the U.S., the following documents are generally required:

1. Commercial Invoice: This must include detailed information about the product, such as description, quantity, unit and total value, country of origin, terms of sale, and any other relevant data.
2. Packing List: This is a document detailing the contents of each package and its corresponding identification, including the number of wooden doors in each package.
3. Transport document: It can be a Bill of Lading in the case of maritime transport, or an Airway Bill for air transport. This document indicates the origin, destination and details of the transport.
3. Document of origin: To prove the country of origin of wooden doors, a certificate of origin is usually required. This can be a certificate of origin issued by the chamber of commerce of the exporting country or a specific certification of origin form, such as the NAFTA Certificate of Origin (if applicable).
4. Compliance documents: Depending on the nature of the product and regulatory requirements, compliance documents may be required, such as certificates of compliance with quality or safety standards, phytosanitary certificates (for plant products) or wood treatment certificates.
5. Customs Documents: Customs clearance in the United States will require compliance with customs requirements, such as the filing of an Import Declaration (Entry Summary) and payment of applicable duties and taxes. It may also be necessary to obtain an importer identification number, such as a U.S. Customs and Border Protection (CBP) registration number.

It is important to note that exact requirements may vary depending on the type of wood doors, country of origin and other factors. It is recommended that you consult with a customs broker or logistics company specializing in international trade to obtain up-to-date and accurate information on the documents required to import wood doors into the United States.

Assessment: the answer provided is rather generic as it only mentions the documents that are required for all imports (commercial invoice, list of contents, transport document) and as regards the specific documents for this export to the United States (which it calls compliance documents), it mentions certain documents that customs usually ask for when importing wood products (quality certificates, phytosanitary certificates, etc.) but without specifying what type of documents, who issues them and how they should be completed.

Alternative source: as mentioned in question 2, on tariffs, very complete information on the types of documents required by countries to import products can be found on the [Access2Markets](#) website, although this website, being developed by the European Union Commission, is only accessible from countries belonging to the EU.



YES

NO

7. LOGISTICS COSTS INFORMATION

When export operations are carried out between distant countries and products have a certain weight or volume, logistics costs, especially those related to international transportation between the two countries, are high, so it is very important to know the logistics costs to include them in the price negotiation.

Question: How much does it cost to ship a 20-foot container from the port of Genoa in Italy to the port of Boston in the United States?

The costs of shipping a 20-foot container from the port of Genoa in Italy to the port of Boston in the United States can vary due to several factors, such as the weight and size of the container, the nature of the cargo, the season, supply and demand, as well as the rates set by shipping lines and freight forwarders.

For accurate and up-to-date information on container shipping costs, I would recommend that you contact shipping lines, freight forwarders or ocean freight brokers directly. They will be able to provide you with accurate quotes tailored to your specific shipping needs.

20 pies desde el puerto de Valencia en España al puerto de

Assessment: In response to this question, the artificial intelligence does not provide precise information; it merely mentions the factors that may affect the price (weight and size of the container, nature of the cargo), and advises to ask for precise quotations from the companies that manage the maritime transport (shipping companies, freight forwarders, etc.).

Alternative source: on the [Freightos](#) website you can obtain international transport quotations that can serve as a reference when contracting a shipment with a transport company or intermediary.

YES

NO

8. INFORMATION ABOUT INCOTERMS

Another key aspect for foreign trade operations is the use of Incoterms, which determine the obligations in the delivery conditions between seller and buyer.

Question: What are the delivery obligations of the buyer and seller in the FCA Incoterm?

The Incoterm FCA (Free Carrier) establishes the following delivery obligations for the seller and the buyer:

Obligations of the seller (exporter):

1. Delivery of the goods: the seller must deliver the goods to the named carrier or other person nominated by the buyer at the agreed place or at the agreed delivery point.

2. Packaging: The seller must provide the usual packaging for the carriage of the goods, unless otherwise agreed.
3. Documents: The seller must provide the buyer with any documents relating to the goods that the buyer may need to take possession of the goods and to transport them to the agreed place of destination. This includes, for example, the commercial invoice, packing list and other transport documents.
4. Verification of delivery: The seller must cooperate in obtaining any documents or permits necessary for the export of the goods and must provide the buyer, at his request, with evidence of delivery of the goods.

Obligations of the buyer (importer):

1. Payment: The buyer must pay the agreed price for the goods, as stipulated in the sales contract.
2. Transportation: The buyer must arrange and pay for the main carriage of the goods from the agreed place of delivery to the agreed place of destination. In addition, he must assume any risk or additional cost associated with the transportation.
3. Customs and formalities: The buyer must carry out export and import customs formalities, as well as obtain any necessary licenses or authorizations for the importation of the goods.
4. Verification of delivery: The buyer must verify delivery of the goods, unless otherwise agreed in the sales contract.

It is important to note that the FCA Incoterm establishes the minimum delivery obligations, and the parties may agree on additional terms in their sales contract to suit their specific needs. Therefore, it is always advisable to carefully review the terms and conditions set out in the sales contract before entering into any transaction.

Assessment: GPT Chat provides very generic information about the obligations of the buyer and seller when using Incoterms in an international sale and purchase. On the other hand, when asked about specific aspects on the use of Incoterms FCA, such as where the transport risk is transferred or who is responsible for the import clearance, it answers adequately and quite accurately.

Alternative source: There are some websites on the Internet where more extensive, accurate and better presented information on the use of Incoterms 2020 is available free of charge. Such is the case, for example, [Globalnegotiator](http://Globalnegotiator.com) website.

YES

NO

9. DRAFTING E-MAILS AND LETTERS OF CONTACT WITH CUSTOMERS AND SUPPLIERS

Another need that companies operating in foreign trade have is to have some models of documents (letters/emails) on different topics to establish contact with their customers and suppliers.

Question: Write a cover letter from a wood door manufacturer presenting the company to an international sales agent in the United States.



Dear [Recipient's name],

It is our pleasure to introduce you to [Company Name], a leading wood door manufacturer with a solid reputation in the industry. We are writing to you with the objective of establishing a business relationship as a commercial agent in the United States.

At [Company Name], we are proud to offer a wide range of high quality wood doors, designed and manufactured by expert craftsmen using traditional techniques combined with state-of-the-art technology. Our commitment to excellence is reflected in every product that leaves our facility.

Our wood doors are known for their elegance, durability and impeccable finishes. We work with the finest species of wood, carefully selected to ensure the strength and natural beauty of each door. Whether they are interior or exterior doors, our designs are versatile and adapt to a variety of architectural styles.

At [Company Name], we value strong, long-term business relationships. We recognize the importance of having reliable and experienced sales agents in the local market, and we strongly believe that your experience and knowledge of the U.S. market would be an invaluable asset to our expansion in your country.

Our goal is to establish a strategic partnership with your company and work together to promote our wood doors in the U.S. market. We are committed to providing you with excellent support and assistance at all times, as well as competitive and attractive commercial terms.

We would welcome the opportunity to discuss in more detail how we can work together to achieve our common goals. Please do not hesitate to contact us via the contact details provided above to arrange a meeting or to request any additional information you may require.

We sincerely appreciate your consideration and look forward to the possibility of establishing a fruitful and long-lasting business relationship with you and your company.

Yours sincerely,

Assessment: The letter drafted by Artificial Intelligence is well written and, moreover, deals in a correct sequential order with all the matters that should be mentioned in a document of this type.

Alternative source: There are several sample letters for exporters and importers on the Internet. Examples of these letters, in different languages (Spanish, English, French) can be found in the link [Business Letter Templates](#).

YES

NO



10. DRAFTING INTERNATIONAL CONTRACT MODELS

Finally, in this check on the use of artificial intelligence for foreign trade we are going to assess its ability to draft international contract models and, specifically, the international distribution contract, which is the most used in international operations.

Question: Write a model international distribution contract between a Spanish manufacturer of wooden doors and a distributor of doors in the United States.

International Distribution Agreement

This international distribution agreement (hereinafter referred to as the "Agreement") is entered into between:

[Name of the wood door manufacturing company], having its registered office at [address of the wood door manufacturing company], hereinafter referred to as the "Manufacturer";

Y

[Name of the door distributor], with registered office at [address of the door distributor], hereinafter referred to as "Distributor";

Together, the "Manufacturer" and the "Distributor" shall be referred to as the "Parties".

Whereas:

1. Manufacturer is a company specialized in the manufacture and marketing of high quality wooden doors.
2. Distributor is experienced in the distribution and sale of doors in the United States market.
3. Both parties desire to establish an exclusive distribution relationship for the marketing of wood doors manufactured by the Manufacturer in the United States market.

Therefore, the Parties agree to the following terms and conditions:

1, Subject Matter of the Contract

1.1 The Manufacturer appoints the Distributor as its exclusive distributor for the marketing of its wood doors in the United States territory.

1.2 The Distributor agrees to use all reasonable efforts to promote, distribute and sell the Manufacturer's wood doors in the aforementioned territory.

2. Distributor's Obligations

2.1 The Distributor shall maintain an adequate inventory of the Manufacturer's wood doors to meet market demand.



2.2 The Distributor shall actively promote the Manufacturer's products, including, but not limited to, advertising in print and digital media, participation in trade fairs and exhibitions.

2.3 The Distributor shall provide quality customer service, respond in a timely manner to customer inquiries and complaints, and provide necessary technical support.

3. Manufacturer's Obligations

3.1 The Manufacturer undertakes to supply the Distributor with wooden doors in the agreed quantities and within the agreed deadlines.

3.2 The Manufacturer shall provide the Distributor with marketing materials, such as catalogues, samples and promotional material, to support the marketing of the wooden doors.

3.3 The Manufacturer warrants that the wooden doors shall meet the agreed quality standards and shall be free from manufacturing defects.

4. Prices and Terms of Payment

4.1 The prices of the wooden doors shall be established by mutual agreement between the Parties and shall be specified in an annex attached to this Agreement.

4.2 The Distributor undertakes to pay the Manufacturer for the products purchased in accordance with the agreed payment terms, which shall be specified in the relevant invoice.

5. Duration of the Contract

5.1 This Contract shall have a term of [specify term], unless terminated earlier in accordance with the termination clauses set forth in this Contract.

6. Intellectual Property

6.1 The Manufacturer shall retain all intellectual property rights in the wooden doors, including, but not limited to, trademarks, designs and patents.

6.2 The Distributor shall not acquire any intellectual property rights in the Wooden Doors from the Manufacturer beyond the right of distribution authorized by this Agreement.

7. Confidentiality

7.1 The Parties undertake to maintain the confidentiality of commercial and technical information provided by the other Party during the term of this Agreement and after its termination.

8. Termination

8.1 Either Party may terminate this Agreement by giving [specify period of notice] written notice to the other Party.



8.2 Termination of this Agreement shall not relieve the Parties of their obligations in respect of orders placed and products delivered prior to the date of termination.

9. Applicable Law and Jurisdiction

9.1 This Agreement shall be governed by and construed in accordance with the laws of the State of [specify U.S. state] without regard to conflicts of laws.

9.2 Any dispute arising out of this Agreement shall be submitted to the exclusive jurisdiction of the competent courts of the State of [specify U.S. state].

In witness whereof, the Parties hereto execute this International Distribution Agreement in [number of copies] copies, at the place and on the date indicated below.

Assessment: Through GPT Chat you can obtain a model international distribution contract that is correct in its wording, but too brief (only 9 clauses) and with a poorly developed content that does not include relevant aspects such as minimum sales targets, early termination, warranties or after-sales service. However, if GTP Chat is asked to draft additional clauses on these aspects, it does so correctly.

Alternative source: there are several websites on the Internet that offer models of international contracts (sales, agency, distribution, manufacturing, supply, etc.) in several languages (Spanish, English, French), and even for specific countries (China, India, United States, Arab countries, etc.). All these models of international contracts can be accessed in the link [Models of International Contracts](#).

YES

NO

CONCLUSION

The level of response of Artificial Intelligence through the paid version of GPT Chat (GPT Chat plus) to questions related to foreign trade depends, to a large extent, on the type of question asked:

- If it is a question of obtaining quantitative information in terms of export and, import figures, tariffs applicable to imports, logistics costs, etc., the level of response is very low, with GTP Chat being limited to providing generalist information, but without offering specific data.
- As for the identification of companies involved in foreign trade (exporters, importers, carriers, freight forwarders), the lists obtained are satisfactory, although no information is provided on the companies beyond their identification and related activity.
- As regards the preparation of documents related to foreign trade (letters for exporters and importers) or models of international contracts, the information obtained is satisfactory, but incomplete. However, by means of cross-examination, they can be completed to a certain extent.

In short, Artificial Intelligence can be a useful tool in foreign trade operations, especially for professionals and SMEs that do not have much experience, although the level of answers to the main questions is basic and, in many issues, insufficient.

Nowadays there are resources on the Internet ([websites specialized in international trade](#)) that offer much more extensive and accurate information - and in many cases free of charge - than the information that can be obtained through Artificial Intelligence and its best known paid tool, Chat GTP Plus.

MODEL CONTRACTS

INTERNATIONAL CONTRACTS (ENGLISH, SPANISH, FRENCH, GERMAN & PORTUGUESE)

- International Sale Contract
- International Distribution Contract
- International Commercial Agency Contract
- International Sales Representative Agreement
- Intermediary Contract for Trade Operations
- International Joint Venture Contract
- International Strategic Alliance Agreement
- International Franchise Contract
- International Services Contract
- International Consulting Contract
- International Technology Transfer Agreement
- International Trademark License Agreement
- International Supply Contract
- International Manufacturing Contract
- International Buying Agent Contract
- Logistics Services Contract
- Export Contract
- Confidentiality Agreement
- Expatriate Contract of Employment
- Memorandum of Understanding for International Distribution
- Memorandum of Understanding for Joint Venture
- **Pack 10 Contracts in English**
- **Pack All Contracts in English**

BUSINESS CONTRACTS (ENGLISH, SPANISH, FRENCH, GERMAN & PORTUGUESE)

- Distribution Contract
- Commercial Agency Contract
- Sales Representative Agreement
- Commission Contract
- Joint Venture Contract
- Services Provider Contract
- Consulting Contract
- Strategic Alliance Agreement
- Franchise Contract
- Supply Contract
- **Pack 12 Commercial Contracts (Premium)**

CHINA CONTRACTS (ENGLISH-CHINESE DUAL VERSION)

- Distribution Contract China
- Agency Contract China
- Commission Contract China
- Supply Contract China
- Manufacturing Contract China
- Confidentiality Contract China
- Memorandum of Understanding for Distribution Contract China
- Memorandum of Understanding for Joint Venture China

LETTERS OF INTENT (ENGLISH & SPANISH)

- Letter of Intent for International Sale
- Letter of Intent for International Distribution
- Letter of Intent for International Joint Venture
- **Pack 3 Letters on Intent**

LETTERS FOR EXPORTERS (ENGLISH & SPANISH) LETTERS FOR IMPORTERS

- Presentation to potential client
- Proposal for agent/distributor
- Proposal to form a strategic alliance
- Invitation to a trade fair
- Making a commercial offer
- Preparation of a contract
- Reminder of payment pending
- **Pack 15 Letters for Exporters**
- Request for information to an overseas supplier
- Offering as agent/distributor
- Reply to proposal for strategic alliance
- Making contact after a trade fair
- Renegotiation of a contract
- Complaint about delivery of faulty goods
- **Pack 15 Letters for Importers**
- **Pack 30 Letters for Exporters and Importers**

