This course will cover the basics of Freight Forwarding.

This course is aimed at a person wishing to enter the Freight Forwarding Industry, a new recruit starting in the industry or someone who wishes to complement their existing knowledge base.

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1. THE ROLE OF FREIGHT FORWARDERS

A Freight Forwarder is an independent company that acts as intermediaries / agent between importers and exporters, they seek out and then coordinate the most cost effective and fitting way to move goods between nations. They coordinate the shipment of the goods from the
factory, arrange to have the cargo loaded onto the vessel, and process the documentation on the shipment. A forwarder is not typically a carrier, but is an expert in supply chain management. In other words, a freight forwarder is a "travel agent," for the cargo industry, or a third-party (non-asset-based) logistics provider. This is an active role that requires excellent contacts in all the transport modes and a sound understanding of rules and regulations relating to the carriage of goods.

The Freight Forwarder can be employed as an export freight agent, moving goods out of a country on behalf of exporters or shippers, or an import freight agent, customs clearance agent or custom broker, bringing goods into the country on behalf of importers.

In essence the Freight Forwarder’s role falls into four main areas: the provision of a range of independent services such as packing and warehousing; giving distribution advice; acting as a agent to source transport space; and acting as a principal to move goods across international frontiers.

A Freight Forwarder may act in two separate ways, as an agent or as a contractual carrier.

As an agent – where the forwarder acts as an agent on behalf of the client and will arrange contract for the carriage of the goods in that capacity.

As a contractual carrier – provider of transport, the forwarder consolidates shipments from a variety of senders into a single transport unit which itself becomes the package which he hands to the carrier for transportation to a stipulated destination, where the shipments are extracted, separately cleared through customs and released, and distributed on an individual basis each to its own consignee.

Freight Forwarders have excellent relationships with road, rail, air and shipping companies, allowing them to find and negotiate the best transport arrangements for clients, although in some cases, the freight forwarding company itself provides the service. They will be expected to select safe routes and carriers; negotiate contracts, transportation and handling costs; book the transport cargo space; arrange appropriate packing; deal with transport rates, insurance and schedules; make calculations by weight, volume and cost; prepare quotations and invoices; and prepare contracts.
Freight Forwarders need to **liaise closely with clients** at all stages to advise them of costs and arrangements. Other duties a Freight Forwarder may be expected to perform include the **clearing of goods through customs, arranging the payment of duties and taxes, arrange insurance and organising the delivery of goods to the importer's premises.**

Freight Forwarding companies can range from small, single-office firms dealing with clients in their immediate local area or operating at a specific seaport, to global companies that have their own offices overseas and offer a wide range of worldwide services.

To better compete, many Freight Forwarders today offer a range of services including **finance, warehousing, sorting, packaging and goods assembly.** Some large export or import companies have their own freight forwarding staff, while others employ the services of specialist freight forwarding companies. Freight forwarding staff can also often find employment in the manufacturing sector at senior logistics management levels.

Clearing and forwarding agents provides uploading and unloading services of goods and materials. The clearing and forwarding agents look after the export and import consignments by providing their clients the shipping forwarding services and warehouse facility. Any company or any individual who is providing the clearing and forwarding services is a C & F agent.

A Freight Forwarder is an important link in the cargo supply chain and has a finger firmly on the pulse of the **logistics industry.**

**International freight forwarders** typically arrange cargo movement to an international destination. International freight forwarders, have the expertise that allows them to prepare and process the documentation and perform related activities pertaining to international shipments. Some of the typical information reviewed by a freight forwarder is the commercial invoice, shipper’s export declaration, Bill of Lading, and other documents required by the carrier or country of export, import, or transhipment. Much of this information is now processed in a paperless environment. For oversees transportation, clearing and forwarding services export and import goods and materials and look after the taxes and other charges. Clearing and

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forwarding services provide a consultancy services for clients. To deliver the material at their right place without any hurdle is their prime motive. Clearing and forwarding agents keep a complete record of all the activities held between the transportation. So in a way, clearing and forwarding services works as a mediator in resolving mutual disputes and misunderstanding in the transport chain.

In Europe there are forwarders that specialise in 'niche' areas such as rail-freight and collection and deliveries around a large port. The latter are called Hafen (port) Spediteure (Port Forwarders). A forwarder in some countries may sometimes deal only with domestic traffic and never handle international traffic.

A typical day for a freight forwarder would primarily consist of talking with clients and warehouse around the world. Passing information along to the appropriate party whether that be a shipping company, customs or the customer themselves. Along with making sure that the cargo gains entry into the country a freight forwarder must (most of the time) arrange for the cargo to be picked up and delivered to the final consignee’s place of business. This requires contacting trucking companies, rail lines and even sometimes exporting the goods to a different country for final delivery. This is often conducted over the Internet and phones.

Clearing and forwarding services are used by both government and private businesses. It’s a management services that is essential for the growth and business of export and imports.

The forwarder usually holds a long list of business partners including carriers, agents, business associates, real-time info etc. Below is a brief summary on the all round services offered by freight forwarding companies:

1. Organisation of local and worldwide transporters and carriers
2. Inland pickup
3. Delivery of consignment to/from port
4. Arrangements for and coordination with customs for bonded warehousing
5. Container loading
6. Proper arrangements for loading and management of break-bulk cargo
7. Finding space and accessibility and transferring to free ports. This is particularly for trans-shipment commitments. Cargo at free ports is acknowledged for managing, dispensation and reshipment without the burden of tariffs and duties.
8. Insurance for cargo
9. Risk management services
10. Cargo loss prevention
11. Services associated to both export and import
12. Freight Quotations
13. Import licensing
14. Export Licensing
15. Transportation services
16. Container management
17. Full cargo containers
18. Less than container load
19. Documentation Support

Freight Forwarding companies provide support to their customers for all comportments of shipping certification and papers including the following listed below:

1. Letters of credit
2. Lading bill
3. Invoice for commercial use
4. Origin certification
5. Insurance papers
6. List for packing
7. Important documents to clear home-port or destination-port customs
8. Certificate for inspection
9. End-to-end delivery management
10. All risk insurance
11. Warehouse to Warehouse assurance cover
12. Customs clearance service
13. Customs bonds
14. Customs brokerage
15. Entry dispensation

2. EARLY DAYS OF FREIGHT FORWARDING

HISTORY
The history of freight forwarding is intimately connected with the story of maritime enterprise, which in turn is portrayed in the commercial histories of the successful leading nations of world trade. At the beginning of the thirteenth century Venice had a trade route via the Alps to Germany and other European countries. The merchants of Venice used to employ the services of a middleman, the so called "Fracture" who was a combination of carter and forwarding agent.

His wagons transported the merchant and his goods and he was escorted by a troop of armed guards to protect life and property against highway robberies. He also arranged for the payment of local dues and tolls on the many border crossings and attended to the change of horses on the stations. The merchandise was conveyed under a consignment note and was sold personally by the merchant at destination.

Three hundred years later around 1600 the "Fracture" had become an independent operator who knew his way over the lands. He was familiar with the various trade routes and merchandise, had organised wagon trains, had set up transportation agencies and transit storage places, and had issued bill of lading and collected duties, merchandise value from the consignees. He was the international forwarding agent for the rich merchant princes.

At the close of the 18th century the forwarding agent started assisting the merchants in finding new markets and supplies, thus, he contributed in great measure to the extension of trade. In the middle and towards the end of the nineteenth century when the codification of the laws of commerce developed, the forwarding agent was called upon to render counsel. Thus the freight forwarding business developed through an evolutionary process.
GLOBAL MARITIME TRADE

As people began exploring other trading opportunities, cross-country and cross-continental travel began to spread. With exploration and the birth of global maritime trade came the growth of merchant shipping and long-distance transport by sea. The Industrial Revolution of the eighteenth and nineteenth centuries applied steam power to transport, ultimately facilitating even faster movement of goods.

Today, the products we consume travel long distances along global supply chains to reach us. Production, inventory control, transport, and distribution, and specialised handling and management are all part of these supply chains. As supply chains become more geographically intricate, their success depends more and more on the expertise of competent transport intermediaries (freight forwarders, or freight logistics providers).

Where did these transport intermediaries come from? Levying customs duties by government agencies has been a basic part of trade throughout history. With the collection of customs duties came demand for middlemen and agents who would move goods on behalf of the shipper or consignee. Customs brokers and agents who acted on behalf of shippers to arrange freight transport and buy space on ships evolved into freight forwarders. The role of the freight forwarder has further expanded, and they have long-abandoned the perception of being mere agents for the transport industry. Today's freight logistics providers (FLP’s) are responsible for an entire array of services in the supply chain.

One of the earliest modern freight forwarders of record is the now defunct Thomas Meadows and Company Limited of London, England. The firm was established in 1836 and was acquired by Delmar International of Montreal, Quebec, Canada in 1990. According to "Understanding the Freight Business," written and published by the executive staff of Thomas Meadows and Company in 1972, the advent of reliable rail transport and steamships created the demand for the then fledgling freight forwarding industry. New world trade patterns developed between Europe and North America, creating additional demand. The first international freight forwarders were actually inn keepers in London who held and re-forwarded the personal effects of their hotel guests.

The original function of the forwarder was to arrange for the carriage of his customers’ goods by contracting with various carriers. His responsibilities included advice on all documentation and customs requirements in the country of destination. His correspondent agent overseas looked after his customers’ and kept him informed about matters that would affect movement of goods.
THE 20th CENTURY

The modern day Freight Forwarding Company has its origins in the activities of the shipping and forwarding agents which grew up in the early days of the 20th century to support the nation’s rapidly growing mercantile shipping industry. Their main responsibilities were to organise the transport, generally by rail, of goods to and from the docks, the booking of cargo space with the shipping lines and customs documentation.

It was the advent of worldwide containerisation in the 1960’s and the growth of road and rail groupage services within Europe that spearheaded the transformation to what is now commonly known as the freight forwarding industry. Forwarders started to operate their own export and import groupage services and thus were no longer simply acting as an agent on behalf of their customers but became Principals to the transport contract. The industry conditions of carriage were updated to reflect this new responsibility and evolved to become the trading conditions of the British International Freight Association which are in widespread use today. In addition to organising the transport the forwarder can also carry out customs procedures, arrange packing and insurance and even prepare on behalf of the customer their commercial documentation.

PALLET FREIGHT

Pallets were little used in the freight business before the Second World War. Up to then cranes, slings, hoists, and sack trucks were commonly used to move packages too heavy to be manually lifted. The introduction of train ferry wagons, followed by sea freight containers and then international road trailers created the need for a more sophisticated handling method which led to the development of the forklift truck. Pallets were ideal for use with this equipment and they quickly became the standard means of packing and handling goods for most of the major trade lanes worldwide. Today pallets are made of wood, metal and plastic and most are of either
the 120 x 100 or 120 x 80cm base size. Some countries rigidly control the entry of goods on wooden pallets and the forwarder can arrange to supply pallets which are guaranteed to be free of infestation and to provide a certificate to that effect.

The growth in pallet freight services led to the establishment of overnight pallet distribution networks in all the developed nations and with their extensive involvement in the movement of general cargo it was inevitable that Freight Forwarders would play a major role in this development.

When Freight Forwarders simply acted as agents they only needed office accommodation but when they developed their own services many purchased or leased warehouses so that they could have better control over the transport chain. Today many exporters and importers contract with a forwarder to undertake their total supply chain operation including warehousing and stock control. Forwarders who are members of pallet Networks utilise them to effect overnight distribution directly to and from their warehouses as part of those contracts. Another attraction of pallet networks to the forwarder is their comprehensive track and trace systems. Forwarders have invested heavily in information technology to give their customers a transparent supply chain and track and trace forms a vital part of this. Goods packed on pallets also lend themselves to the application of bar code technology for both tracking and stock control purposes.

During the last two decades the security of international transport movements has become a major priority. Forwarders are regarded by government authorities as a vital part of the security chain and many have attained Authorised Economic Operator status which means they are recognised within the industry as having both physical and administrative control systems which will guarantee the security integrity of the cargo at all stages of its transport.
FREIGHT FORWARDING TODAY

Today the Freight Forwarder offers highly sophisticated supply chain solutions of which pallet and warehousing logistics operations form an integral part. These systems are commonly referred to today as either Third Party (3PL) or Fourth Party (4PL) logistics solutions dependent upon the percentage of the work the provider retains in-house or sub contracts.

3. FORWARDERS BUSINESS STRUCTURE

CLASSIFICATION OF OPERATORS

In order to understand the forwarder’s business structure and sources of revenue it is necessary to repeat some of the information discussed in earlier modules.

Transportation intermediaries or third party logistics companies (3PL) act as the facilitators to arrange the efficient and economical movement of goods. They serve tens of thousands of shippers and carriers, bringing together the transportation needs of the cargo interests with the corresponding capacity and special equipment offered by rail, motor, air, and ocean carriers. Transportation intermediaries play a key role in cross border transportation by land, sea, and air.

Traditionally, transportation intermediaries have been primarily non-asset based companies whose expertise is providing mode- and carrier-neutral transportation arrangements for shippers with the underlying asset owning and operating carriers. They get to know the details of a shipper's business, then tailor a package of transportation services, sometimes by various modes of transportation to meet those needs. Transportation intermediaries bring a targeted expertise to meet the shipper's transportation needs. Transportation intermediaries invest in sophisticated software that helps maximize logistics efficiency. Today, many also invest in
物理资产，如卡车、飞机、仓库和集散中心，以便提供更全面、垂直集成的服务选择。

根据运输方式或提供的服务，运输中间商被称为多种名称。运输中间商在卡车运输行业被称为经纪人或货运代理。运输中间商在海洋运输中被称为非船公司经营的普通共同承运人（NVOCC）或货运代理。运输中间商在空运中的被称为间接的空运承运人。

**OPERATORS MAIN FUNCTIONS**

**Freight forwarder** 意味着作为代理，以客户为合同结案的货物运输代理。他与客户签订货物运输代理服务合同，包括货物的运输、集散、存储、处理、包装或分配，以及与货物运输相关的辅助和顾问服务。他所承担的义务、责任和权利在不同的角色下有很大不同。（我们将进一步分析在模块— forwarding certificate 

1. **As an agent** 代表客户并安排货物运输的合同。
2. **As a contractual carrier** 通过将各种发件人的货物合并到一个单个运输单元中，其中该单元本身成为他交给承运人运输到指定目的地的包裹，其中货物被提取、分别通过海关清关并释放，然后单独分配给各自的收件人。

**NVOCC** （非船公司经营的普通共同承运人）安排货物运输作为承运人，并签发自己的提单或等效文件，但不拥有或经营主要的交通工具。
management and administration. Salaries and wages are the main costs category contributing about 70% of total overheads. In the sales department, the salesman is the key person providing logistical service for customers such as ship positions and sending the shipping order; they are familiar with customers. The duty of the operations department includes co-loading with other ocean freight forwarders, communicating with customers and staff training. An Operator is the key person in the operations department; they must make contact with the shipping company, container yard, shipper and their customs broker. They must also send the pre-alert to the overseas agent after the cargo has been shipped then received the bill of lading from the shipping company and inspect whether the goods are correctly sent. They check the arrival advice and exchange the shipping order and prepare the statement of account for the overseas agent.

**Customs Brokers**

Customs brokers provide services to importers and exporters and facilitate the clearance of shipments through customs. One particularly important service offered by a licensed customs broker is advice on regulations and laws pertaining to customs clearance and the power to argue on behalf of a client during the clearing process. In this regard, a customs broker is similar to a lawyer. Brokers may also provide advice and information on quotas for controlled commodities, trademark restrictions, and dumping duties, among other topics.

**FINANCIAL STRUCTURE**

Freight forwarding companies derive their revenues from the following principal sources:

- a. Air freight forwarding
- b. Ocean freight forwarding
- c. Customs brokerage
- d. Import and logistics services
- e. Insurance commission
- f. Credit facilities

The rate structure for both freight forwarders and customs brokers is extremely competitive. These businesses operate on very thin profit margins. Freight forwarders generate revenue through transportation charges, fees for additional services such as warehousing or shrink-wrapping freight, and commissions from carriers. Customs brokers' revenue sources include document preparation fees, charges for customs clearance, and charges for post-clearance services.

The demand for freight forwarders has remained stable. However, forwarders and customs brokers have found it difficult to maintain their profit margins, which are estimated to range between 5 and 10 percent.
AIR AND OCEAN FREIGHT FORWARDING

As primarily a non-asset based carrier, the Freight Forwarding Company does not generally own transportation assets. Instead, the Company generates the majority of its air and ocean freight revenues by purchasing transportation services from direct (asset-based) carriers and reselling those services to its customers as an indirect carrier. Additionally, the Company may generate air freight and ocean freight forwarding revenues to a lesser extent as an authorised cargo sales agent.

As an indirect carrier, the Freight Forwarding Company obtains shipments from its customers, consolidates shipments bound for a particular destination, determines the routing, selects the
direct carrier and tenders each consolidated lot as a single shipment to the direct carrier for transportation to a distribution point. The Company issues a House Airway Bill (HAWB) or a House Ocean Bill of Lading (HOBL) to customers as the contract of carriage. In turn, when the freight is physically tendered to a direct carrier, the Company receives a contract of carriage known as a Master Airway Bill for air freight shipments and a Master Ocean Bill of Lading for ocean shipments. The Company is the direct point of contact for service fulfillment and resolving any service failures or claims for lost or damaged freight resulting from either the Company’s or the direct carriers’ actions. In addition, if the Company does not collect from its customers, it is still responsible for paying the direct carrier.

Due to the high volume of freight the Company manages, it generally obtains lower rates from the direct carriers than the rates the Company charges its customers for individual shipments. This rate differential is the primary source of the Company’s air and ocean freight net revenues. The Company has complete discretion in selecting the means, route and procedures to be followed in the handling, transportation and delivery of freight. The Company selects the direct carrier that will provide the most economical routing in an effort to maximize net revenues.

As a cargo sales agent of airlines and ocean shipping lines, the Company also arranges for transportation of individual shipments and receives a commission from the airline or ocean shipping line for arranging the shipments. When acting in this capacity, the Company does not consolidate shipments or have responsibility for shipments once they have been tendered to the carrier. Therefore, revenues include only the commissions and fees received.

CUSTOMS BROKERAGE

Customs brokerage and import services involve providing services at destination, such as helping customers clear shipments through customs by preparing required documentation, calculating and providing for payment of duties and other taxes on behalf of the customers as well as arranging for any required inspections by governmental agencies and arranging for delivery.

IMPORT AND LOGISTICS SERVICE

The Freight forwarding Company also offers a range of logistics services, distribution and materials management services, international insurance services, global project management services and trade facilitation services. Revenues include the fees received for these services.

FEES

For the bill of entry and wharfage clearance the agent will charge “Documentation”. For the general work a forwarding agent does an “Agency” fee is charged. For more specific work such as arranging insurance and attending customs inspections additional charges will apply.

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The agent will include a fee allowing his own ledger accounts to be used through which port charges, railage, ocean freight or airfreight are collected and paid by him so that he can pass those charges on to his client in a consolidated account. In addition to all this he will charge for such telephone, fax and e-mail costs which he may incur and some form of “Sundries” charge.

Since it is normal for the forwarding agent to allow credit for an agreed period to his client he must charge a finance fee to cover the cost of the money in respect of which he is giving the credit. This fee may be fairly substantial since it will not only be equal to the interest charge raised by the forwarders bank for the bank overdraft facilities which the forwarder uses but will be enhanced by at least 2% to compensate for the financial risk which the forwarder inevitably incurs as a result of granting his client credit terms together with a further 1% as a modest profit margin on the financial transaction involved.

INVOICES

Imports

Invoices will be divided into 2 parts. The first covering disbursements made by the forwarding agent on behalf of his principal and the second listing the fees which he raises as his remuneration for the services he renders.

The following is an example of a simple invoice issued for an import consignment where no unusual features exist and where no inspection by Customs or freight collection was involved.

<table>
<thead>
<tr>
<th>Disbursement Account</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Duty, etc</td>
<td>10 000</td>
</tr>
<tr>
<td>Dock charges</td>
<td>250</td>
</tr>
<tr>
<td>Wharfage</td>
<td>750</td>
</tr>
<tr>
<td>Insurance</td>
<td>350</td>
</tr>
<tr>
<td>Railage</td>
<td>1420</td>
</tr>
<tr>
<td>Delivery</td>
<td>220</td>
</tr>
<tr>
<td></td>
<td>12990</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Fees</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Documentation</td>
<td>175</td>
</tr>
<tr>
<td>Arranging insurance</td>
<td>20</td>
</tr>
<tr>
<td>Finance fee</td>
<td>385</td>
</tr>
<tr>
<td>Ledger fees</td>
<td>130</td>
</tr>
<tr>
<td>Agency</td>
<td>650</td>
</tr>
<tr>
<td>Communication fees</td>
<td>25</td>
</tr>
<tr>
<td>Sundries</td>
<td>15</td>
</tr>
<tr>
<td></td>
<td>1400</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td>14390</td>
</tr>
</tbody>
</table>

*The actual level of the various fees will be determined by the forwarder after careful*
consideration of the fixed costs arising in his business and his competitive position in the forwarding community.

Capitalisation – Assume that in the course of the month the forwarding company deals with 100 similar importations then the funds he requires to cope with the disbursements are:

\[ 100 \text{ transactions} \times \$14390 = \$1\,439\,000 \]

If the clearing agent allows normal credit terms = payment 30 days from monthly statement he will require:

\[ \$1\,439\,000 \times 2\text{ months} = \$2\,878\,000 \]

The above illustrates the capital intensive nature of a clearing agent. Without strict credit control the agency can run into serious cash flow difficulties. No client, however good, should be allowed to slip into the habit of delaying payments.

In the above example the duty of $10\,000 is a substantial item. The agency should endeavour to have a good clientele mix which includes clients importing items with low rates of duty or even duty free goods.

Exports

The position of the shipping agent in respect of exports is materially different. His function will be the organising of the movement of the exports, whether breakbulk or in containers from the point of origin to the ship’s side and the loading of them to the vessel. In the case of airfreight they will involve corresponding transactions up to the delivery to the airline.

The shipping agent will not be involved in the major outlays of duties etc, which are required in terms of imports. His disbursement account will therefore be substantially less and by the same token his agency fees and possibly his documentation charges are likely to also be at a lower level. His gross profit when dealing with exports will therefore be lower although the clerical labour costs involved will also be smaller.

THE FORWARDER AS A CONTRACTUAL CARRIER

The feature which constitutes the essential difference between a forwarder acting as a forwarding agent and a forwarder acting as a contractual carrier is that in the latter instance the forwarder issues his own international transport document in terms of which he undertakes responsibility to convey the goods from a place of acceptance in one country to a place of delivery in another.

When a forwarder acts as a contractual carrier his position becomes totally different.

- The agency may if they so wish raise a single inclusive charge to cover the entire transportation involved.
Because he is acting as a principal on equal terms with the importer / exporter, he is under no obligation to disclose any of the disbursement costs which he pays to his sub-contractors.

Accordingly, the extent of the profit which he may be able to achieve will be conditioned only by the competitiveness of the forwarding market in which he is offering his services. The greater potential profit margin is countered by the greater obligation as a contractual carrier with corresponding greater liabilities.

4. ROUTE AND TRANSPORT MODE SELECTION

INTRODUCTION

With an increasing number of medium and large companies engaged in global trading the freight forwarder/logistics provider has become the man at the centre of door-to-door freight movements, standing as he is at the point of convergence of all the constituents of the transport chain, e.g. main transport, pick-up/distribution, logistics, insurance and finance.

Such are the financial implications of moving cargo timely and safely, and of correctly putting together the constituents of the transport chain that it is difficult to envisage trans-continental movements of goods without using the services of freight forwarder/logistics provider. Indeed, such has become their importance and responsibility that shippers now often delegate to them all matters not relating directly to their manufacturing process and the delegation now extends to the final choice of transport mode(s).

CHOICE OF ROUTES

There are four principal routes to overseas customers: road, rail, sea and air. When you’re mapping out a strategy for transporting your goods, you’ll need to choose one of these four avenues, or a combination of them. Each form of transport has its own pros and cons, and you need to be sure that you’re taking the right route every time you ship a product out of the country.

Here are seven key considerations to help you decide which is best for your client:

1. Customer wishes. Before you decide how to transport your product, ask your customer which route they’d prefer – and find out if they have any special requirements. e.g. cleanliness, hazardous goods or fruit. It’s crucial that you comply with their wishes.
2. **Weight.** If you’re transporting bulky goods, you’ll have to tailor your strategy accordingly – it’s quite difficult to transport vehicles, heavy plant or machinery by air. This might seem obvious, but people often overlook it!

3. **Simplicity.** To keep track of your shipment and avoid logistical nightmares, it’s important to keep your transport plan as simple as possible. For example, if it seems too complicated to transport your product by sea because of the number of stoppages and transhipments involved, you may want to make things simpler by choosing airfreight instead.

4. **Speed.** Some types of product, such as perishable foods, need to reach the customer quickly; in such circumstances, a quick plane journey may be preferable to a long sea voyage. Think about the type of goods you are transporting before you decide how to send them.

5. **Handling.** Some forms of transport can involve rough handling; for example, products transported by ship may be hauled aboard the vessel in a net or sling, stacked beneath dozens of other goods, and subjected to moisture condensation. Before you select a particular mode of transport, you need to be sure your product can handle it.

6. **Price.** As well as looking after your products, you need to look after your profits. If you can’t afford to transport your goods by air, then don’t bother doing it; try shipping them by road or ship instead.

7. **Local conditions.** Take a look at the country your shipping to – are there any risks and weaknesses in its transport infrastructure? If the local ports have a bad reputation, or the road network isn’t up to scratch, you’ll need to tailor your strategy accordingly.

![Graph showing various transport factors]

*Source: BDP International - Nov.*
Elements considered by shippers when selecting a transport mode

ROAD TRANSPORT

Road transport can be the most flexible option for your international business, especially within a geographic region. The motorway networks and ease of crossing national borders varies between regions.

**Advantages:**

- relatively low cost
- extensive road networks - there will usually be a suitable route
- you can schedule transport to suit you
- consignments can be secure and private

**Disadvantages**

- it can take time to travel long distances overland
- delays can be caused by traffic
- toll charges are high in some countries
- complying with road and traffic regulations in some countries
- weight restrictions on roads

You can either use your own vehicles, or a carrier. If you operate your own vehicles, you will need to consider licences, fuel costs, regulations, driver training and tax.

The rules on the international transport of dangerous goods by road are subject to international legislation. Some countries require drivers of vehicles carrying dangerous goods to hold a training certificate in the handling of dangerous goods.

SEA TRANSPORT

If your client needs to transport large quantities but there is no pressure to deliver quickly, shipping by sea may be suitable.

**Advantages:**

- you can ship large volumes at low costs - a freight forwarder can consolidate consignments to reduce costs
- you can use containers for multi-modal solutions - e.g. using road or rail for onward delivery

**Disadvantages**
• shipping containers by sea can be slow when compared with other transport modes
• routes and timetables are usually inflexible
• you have to pay port duties and taxes
• your goods will require inland transportation to their final destination
• basic freight rates are subject to fuel and currency surcharges
• Stock holding costs
• Stock obsolescence risks

If you ship dangerous goods, you must complete a dangerous goods declaration which includes the Dangerous Goods Note. In most cases this will be in addition to the maritime transport document that should accompany your shipments.

RAIL TRANSPORT

Rail transport is a cost-effective and efficient way to move your goods. It offers you the following advantages:

Advantages:

• fast rail links through developed regions
• safety and security
• it is environmentally friendly compared with other transport modes

Disadvantages

• you will be dependent on the routes and timetables available - these may be limited in remote regions
• rail transport can be more expensive than road
• mechanical failure or industrial action can disrupt services

If you transport dangerous goods that have a UN dangerous goods code, or that your carrier considers to be dangerous, you must complete a dangerous goods declaration. Part of this declaration is the Dangerous Goods Note. If you transport dangerous goods by rail, you must also follow the international rules for transporting dangerous goods.

AIR TRANSPORT

Air transport offers numerous advantages for international trade, depending on your requirements.

Advantages:

• deliver items quickly over long distances
• give you high levels of security for sensitive items
• be used for a variety of goods

Disadvantages

• air transport can involve higher costs than other options, and is not suitable for all goods
• you will need to pay taxes at each airport you use
• fuel and currency surcharges will usually be added to freight costs
• you will need to consider onward transport from the destination airport to the consignee

Make sure that the routes and timetables available for air freight suit your requirements. If you intend to move dangerous goods by air you must comply with strict IATA rules.

EVALUATING COSTS

Money is a commodity just as in any other product and money which is “locked up” costs money for the duration of the period during which it is out of use. This is what is meant by the time cost of money. When goods are in transit the money that the goods represent is “dead” in the sense that it cannot be put to any other use in the course of trading. Thus the different freight rates offered by different shipping modes must be evaluated against the different costs of the money involved resulting from the differing transit times of the modes being considered. Goods in transit for longer periods may also result in cash flow problems and dissatisfied customers.

Example – shipping lines

<table>
<thead>
<tr>
<th>A consignment is valued at</th>
<th>$ 600 000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shipping line A offers a freight rate of</td>
<td>$ 4 200</td>
</tr>
<tr>
<td>Shipping line B offers a freight rate of</td>
<td>$ 3 000</td>
</tr>
<tr>
<td>Difference in favour of shipping line B</td>
<td>$ 1 200</td>
</tr>
</tbody>
</table>

| Shipping line A has sailing frequency of | 9 days |
| Shipping line A has transit time of | 21 days |
| Total effective transit time shipping line A | 30 days |

| Shipping line B has sailing frequency of | 12 days |
| Shipping line B has transit time of | 35 days |
| Total effective transit time shipping line B | 47 days |

| Difference in effective transit time 47 - 30 | 17 days |

Assume the cost of money is 6% per annum
Then the time cost of dead money if shipping line B is used is -
$ 600 000 @ 6% per annum for 17 days
It is clear that if the lower freight rate by shipping line B is used then the shipment will cost $476.71 more ($1676.71 - $1200) because of the time cost of the dead money. The use of the cheaper freight rate will prove to be more expensive.

If you now value the consignment at $1,200,000 the shipment will cost $2153.43 more ($3353.43 - $1200). The higher the value of a consignment the faster its total transit time should be in order to minimise the time cost of the money which is “dead” during transit.

Example – shipping lines vs. airfreight

<table>
<thead>
<tr>
<th>A consignment value per unit</th>
<th>$50,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airfreight freight rate per unit</td>
<td>$400</td>
</tr>
<tr>
<td>Shipping line offers a freight rate per unit of</td>
<td>$40</td>
</tr>
<tr>
<td>Difference in favour of shipping line</td>
<td>$360</td>
</tr>
<tr>
<td>Client requires 10 units per week for 4 weeks = 40 units</td>
<td></td>
</tr>
<tr>
<td>Shipping line has sailing frequency of</td>
<td>10 days</td>
</tr>
<tr>
<td>Shipping line has transit time of</td>
<td>30 days</td>
</tr>
<tr>
<td>Total effective transit time shipping line</td>
<td>40 days</td>
</tr>
<tr>
<td>Airfreight has flying frequency of</td>
<td>3 days</td>
</tr>
<tr>
<td>Airfreight has transit time of</td>
<td>2 days</td>
</tr>
<tr>
<td>Total effective transit time shipping line</td>
<td>5 days</td>
</tr>
<tr>
<td>Difference in effective transit time 40 - 5</td>
<td>35 days</td>
</tr>
</tbody>
</table>

Assume the cost of money is 6% per annum

**Shipping Line**

Let us assume the client is able to make 10 units per week. The first 10 units will then sit in his factory for 4 weeks while he manufactures the remainder.

Then the time cost of dead money per unit during manufacturing is -

week 1: 10 units @ $50,000 @ 6% x 1/52 = $576.92
week 2: 20 units @ $50,000 @ 6% x 1/52 = $1153.80
week 3: 30 units @ $50,000 @ 6% x 1/52 = $1730.70
week 4: 40 units @ $50,000 @ 6% x 1/52 = $2307.60

The average dead money cost per unit is $576.92 + $1153.80 + $1730.70 + $2307.60

\[= \frac{\$576.92 + \$1153.80 + \$1730.70 + \$2307.60}{40 \text{ units}}\]

\[= \$144.23 \text{ per unit}\]

add the time cost of dead money per unit if shipping line is used is -
$ 50 000 @ 6% per annum for 40 days

$ 50 000 \times 6 \times 40
\frac{100 \times 365}{100 \times 365} = \$ 328.77

\textbf{TOTAL} = \$ 144.23 + \$ 328.77 = \$ 473 \text{ per unit}

\textbf{Airfreight}
Consider that due to the weekly flying schedule the client can send 10 units per week instead of shipping all 40 at the same time.
Then the time cost of dead money per unit if airfreight is used is -
week 1: 10 units @ $ 50 000 @ 6% \times \frac{1}{52} = \$ 576.92
week 1: 10 units @ $ 50 000 @ 6% \times \frac{1}{52} = \$ 576.92
week 1: 10 units @ $ 50 000 @ 6% \times \frac{1}{52} = \$ 576.92
week 1: 10 units @ $ 50 000 @ 6% \times \frac{1}{52} = \$ 576.92

\frac{\$ 576.92 + \$ 576.92 + \$ 576.92 + \$ 576.92}{40 \text{ units}} = \$ 57.69 \text{ per unit}

add the time cost of dead money per unit if airfreight is used -
$ 50 000 @ 6\% \text{ per annum for 5 days}

$ 50 000 \times 6 \times 5
\frac{100 \times 365}{100 \times 365} = \$ 41.10 \text{ per unit}

\textbf{TOTAL} = \$ 57.69 + \$ 41.10 = \$ 98.79 \text{ per unit}

\begin{tabular}{|l|c|}
\hline
\textbf{Shipping line cost} = \$ 40 + \$ 473 & \$ 513.00 \\
\textbf{Airfreight cost} = \$ 400 + \$ 98.79 & \$ 498.79 \\
\hline
\end{tabular}

The above illustration which indicates the advantages of airfreight over seafreight is extreme in that it postulates the movement of goods of a high value with low volume and weight. It does demonstrate the advantage of shipping high value – low weight items by air and the advantages to the client of keeping Just-In-Time inventory.

5. Intermodal Freight Transport versus Multimodal Freight Transport
Intermodal Freight Transport

*Intermodal freight transport* involves the transportation of freight in an *intermodal container* (ISO container) or vehicle, using multiple modes of transportation (rail, ship, and truck), without any handling of the freight itself when changing modes. The method reduces cargo handling, and so improves *security, reduces damages and losses*, and allows freight to be transported faster. Reduced costs over road trucking is the key benefit for intracontinental use. This may be offset by reduced timings for road transport over shorter distances.

Intermodal transportation goes back to the 18th century and predates the railways. Some of the earliest containers were those used for shipping coal on the Bridgewater Canal in England in the 1780’s. Coal containers (called "loose boxes" or "tubs") were soon deployed on the early canals and railways and were used for road/rail transfers (road at the time meaning horse drawn vehicles).

Wooden coal containers used on railways go back to the 1830’s on the Liverpool and Manchester Railway. In 1841 Isambard Kingdom Brunel introduced iron containers to move coal from the vale of Neath to Swansea Docks. By the outbreak of the First World War the Great Eastern Railway was using wooden containers to trans-ship passenger luggage between trains and sailings via the port of Harwich.

The early 1900’s saw the first adoption of covered containers, primarily for the movement of furniture and intermodal freight between road and rail. A lack of standards limited the value of this service and this in turn drove standardisation. In the U.S. such containers, known as 'lift vans', were in use from as early as 1911.

*Containers*, also known as *intermodal containers or ISO containers* because the dimensions have been defined by ISO, are the main type of equipment used in intermodal transport, particularly when one of the modes of transportation is by ship.

In countries where the railway loading gauge is sufficient, truck trailers are often used. Variations exist, including *open-topped* versions covered by a fabric curtain are used to transport larger loads. A container called a *tanktainer*, with a tank inside a standard container frame, carries liquids. *Refrigerated containers* are used for perishables.
Handling equipment can be designed with intermodality in mind, assisting with transferring containers between rail, road and sea. These can include:

- **Transtainers** for transferring containers from sea-going vessels onto either trucks or rail wagons. A transtainer is mounted on rails with a large boom spanning the distance between the ship's cargo hold and the quay, moving parallel to the ship’s side.
- **Gantry cranes**, also known as straddle carriers, are able to straddle rail and road vehicles, allowing for quick transfer of containers. A spreader beam moves in several directions allowing accurate positioning of the cargo.
- **Grappler lift**, which is very similar to a straddle carrier.
- **Reach stackers** are fitted with lifting arms as well as spreader beams and lift containers to swap bodies or stack containers on top of each other.
- **Swap body** units are not strong enough to be stacked, but they have folding legs under their frame and they can be moved between trucks without using a crane.

**Transportation**

**Container Ships**

Container ships are used to transport containers by sea.

**Railways**

Containers are often shipped by rail in container well cars.

**Trucking**

Trucking is frequently used to connect the "linehaul" ocean and rail segments of a global intermodal freight movement. This specialised trucking that runs between ocean ports, rail terminals, and inland shipping docks, is often called drayage, and is typically provided by dedicated drayage companies or by the railroads.

**Barges**

Barges utilising ro-ro and container-stacking techniques transport freight on large inland waterways such as the Rhine/Danube in Europe and the Mississippi River in the U.S.
Landbridges

The term **landbridge** or **land bridge** is commonly used in the intermodal freight transport sector in reference to a **containerised ocean freight shipment** that travels across a **large body of land** for a significant part of the trip, en-route to its final destination; Of which the **land portion** of the trip is referred to as the **“landbridge”** and the mode of transport used is **rail transport**. There are three applications for the term.

**Land bridge** - An intermodal container shipped by ocean vessel from country A to country B, **land bridges** across an entire body of land/country/continent, en-route. For example, a container shipment from China to Germany, is loaded onto a ship in China, unloads at a Los Angeles (California) port and travels via rail transport to a New York (New York) port, and loads on a ship for Hamburg.

**Mini Land bridge** - An intermodal container shipped by ocean vessel from country A to country B, passes across a large portion of land in either country A or B. For example, a container shipment from China to New York (New York), is loaded onto a ship in China, unloads at a Los Angeles (California) port and travels via rail transport to New York (New York), the final destination.

**Micro Land bridge** - An intermodal container shipped by ocean vessel from country A to country B, passes across a large portion of land to reach an interior inland destination. For example, a container shipment from China to Denver (Colorado), is loaded onto a ship in China, unloads at a Los Angeles (California) port and travels via rail transport to Denver (Colorado), the final destination.

The term **reverse landbridge** refers to a **micro land bridge** from an east coast port (as opposed to a west coast port in the previous examples) to an inland destination.

Multimodal Freight Transport

**Multimodal transport** (also known as **combined transport**) is the transportation of goods **under a single contract**, but performed with at least **two different means of transport**; the **carrier is liable** (in a legal sense) for the **entire carriage**, even though it is performed by
several different modes of transport (by rail, sea and road, for example). The carrier does not have to possess all the means of transport, and in practice usually does not; the carriage is often performed by sub-carriers (referred to in legal language as "actual carriers"). The carrier responsible for the entire carriage is referred to as a multimodal transport operator, or MTO.

Article 1.1. of the United Nations Multimodal Convention (which has not yet, and may never enter into force) defines multimodal transport as follows: "'International multimodal transport' means the carriage of goods by at least two different modes of transport on the basis of a multimodal transport contract from a place in one country at which the goods are taken in charge by the multimodal transport operator to a place designated for delivery situated in a different country".

In practice, freight forwarders have become important MTO's; they have moved away from their traditional role as agents for the sender, accepting a greater liability as carriers. Large sea carriers have also evolved into MTO's; they provide customers with so-called door-to-door service. The sea carrier offers transport from the sender's premises (usually located inland) to the receiver's premises (also usually situated inland), rather than offering traditional tackle-to-tackle or pier-to-pier service. MTO's not in the possession of a sea vessel (even though the transport includes a sea leg) are referred to as Non-Vessel Operating Carriers (NVOC) in common law countries (especially the United States).

Multimodal transport developed in connection with the "container revolution" of the 1960's and 70's; as of 2011, containerised transports are by far the most important multimodal consignments. However, it is important to remember that multimodal transport is not equivalent to container transport; multimodal transport is feasible without any form of container. The MTO works on behalf of the supplier; it assures the supplier (and the buyer) that their goods will be effectively managed and supplied.

6. EXPORT DOCUMENTS

International documentation is very complex as each country has its own specifications and requirements. The most widely used documents are listed below:
1. Ocean Bill of Lading
2. House Bill of Lading
3. Sea Waybill
4. Digital Waybill
5. Commercial Invoice
6. Certificate of Origin
7. Insurance Certificate
8. Inspection Certificate
9. Mate's Receipt / Dock and warehouse receipt
10. Packing List
11. Pro Forma Invoice
OCEAN BILL OF LADING

Bills of Lading Bills of lading are best understood if considered as bills of loading. A Bill of Lading (BL - sometimes referred to as BOL or B/L) is a document issued by a carrier to a shipper, acknowledging that specified goods have been received on board as cargo for conveyance to a named place for delivery to the consignee who is usually identified. The Bill of Lading is a contract between the owner of the goods and the carrier of the goods.

A through Bill of Lading involves the use of at least two different modes of transport from road, rail, air, and sea. The term derives from the verb "to lade" which means to load a cargo onto a ship or other form of transportation.

Three main functions of a Bill of Lading

1. As Receipt for the cargo – originated as a record of what was loaded, with containerisation practically the Seller will not see the Buyer and wants receipt that goods have been shipped.
2. As Evidence of a contract of carriage – carrier should be bound by certain obligations concerning custody of the goods. These terms of carriage will not be in a charter party between the shipper and the Carrier so the bill is evidence of the contractual terms. Trite law that whilst it is evidence it is not necessarily the contract itself.
3. As a Document of Title – goods sold in normal face to face business transactions allow for actual exchanges of goods for payment whereas shipping by its nature distances the Seller and Buyers. Seller wants quick payment especially FOB and CIF. Buyer wants to ensure goods match description before he parts with money. Bill of Lading provides alternative to actual transfer of goods – payment is exchanged for the document.

A Bill of Lading can be used as a traded object. The standard short form Bill of Lading is evidence of the contract of carriage of goods and it serves a number of purposes:

- It is evidence that a valid contract of carriage, or a chartering contract, exists, and it may incorporate the full terms of the contract between the consignor and the carrier by reference (i.e. the short form simply refers to the main contract as an existing document, whereas the long form of a Bill of Lading (connaissement intégral) issued by the carrier sets out all the terms of the contract of carriage);
- It is a receipt signed by the carrier confirming whether goods matching the contract description have been received in good condition (a bill will be described as clean if the goods have been received on board in apparent good condition and stowed ready for transport); and
- It is also a document of transfer, being freely transferable but not a negotiable instrument in the legal sense, i.e. it governs all the legal aspects of physical carriage,
and, like a cheque or other negotiable instrument, it may be endorsed affecting ownership of the goods actually being carried. This matches everyday experience in that the contract a person might make with a commercial carrier like FedEx for mostly airway parcels, is separate from any contract for the sale of the goods to be carried; however, it binds the carrier to its terms, irrespectively of who the actual holder of the B/L, and owner of the goods, may be at a specific moment.

What does a Bill of Lading regulate?

In short the carrier has three main areas of responsibility under the Bill of Lading:

1. The **carrier's responsibility for correct description of the goods** – b/l are an essential part of most international trading of goods and any third party buyer will purchase in reliance to the description of the goods in the b/l. In effect a transfer of title is the equivalent of a transfer of the goods themselves

2. The **carrier's responsibility to release the goods to the proper entitled party and at the proper location** – whoever presents a duly and properly endorsed b/l at the b/l destination (and assuming nothing else suggest bad faith) is prima facie entitled to take delivery of the goods. Release of cargo without receipt of a properly endorsed b/l compromised the carrier's position against the true owner of the goods.

3. The **carrier's responsibility to care for the cargo while it is in his custody** – the duty to care of the goods is both regulated in law and follows from common sense.
As a Negotiable document

- Bills of Lading are **transferable**
- Control over and ownership of the goods **passes** with the handing over of a Bill of Lading, i.e. transfer of ownership = negotiability
- A Bill of Lading is strictly **not a negotiable instrument** in the legal sense, i.e. equivalent to money; it represents the **goods/cargo**.

There are two types of Negotiable Bills of Lading,

1. **Order Bills of Lading**
   a. Most bills used in International trade are Order Bills
   b. Front of the bill there is a box where the name of the Consignee should be provided or alternatively the instruction
   c. When Seller has not yet sold the goods he may indicate the notify party as the consignee and mark it to order of, or leave it to his, the shipper, order
   d. The Bill can then be signed at the back by that party endorsing it in favour of another or to that parties order. If the bill is merely negotiated by signing the back of the bill this equates to a blank endorsement. This converts an order bill into a bearer bill.

2. **Bearer Bill of Lading (to order)**
   a. This document allows the goods to be delivered to the holder of the bill.
   b. The name of the consignee may be stated as ‘bearer’ or a ‘to order’ bill may be negotiated in blank or an ordinary Bill of Lading may be endorsed in blank, in other words without identifying to whom the cargo would be delivered.

**Combined Transport / Through Transport Bill**

- The Bill has the possibility to be converted into a combined transport bill.
- The Carrier maintains liability throughout and subcontracts, Carrier Haulage
- International and local laws and conventions apply where applicable, Hague Visby Rules

**The Bill of Lading must contain the following information:**

- Name of the shipping company,
- Flag of nationality,
- Shipper’s name,
- Order and notify party,
- Description of goods,
- Gross, net, tare weight; and
- Freight rate, measurements and weight of goods, total freight

A Bill of Lading may be consigned to **“the order of the shipper”**. Where the word **order** appears in the **consignee box**, the shipper may endorse it in **blank or to a named transferee**.

A Bill of Lading endorsed in **blank** is **transferable by delivery**. Once the goods arrive at the
destination they will be released to the **bearer or the endorsee of the original Bill of Lading.** The **carrier's duty** is to deliver goods to the **first person who presents any one of the original Bill of Lading.** The carrier need not require all originals to be submitted before delivery. It is therefore essential that the exporter retains control over the full set of the originals till payment is effected or a bill of exchange is accepted or some other assurance for payment has been made to him. In general, the importer's name is not shown as consignee. The Bill of Lading has also provision for incorporating notify party. This is the person whom the shipping company will notify on arrival of the goods at destination. The Bill of Lading also contains other details such as the name of the carrying vessel and its flag of nationality, the marks and numbers on the packages in which the goods are packed, a brief description of the goods, the number of packages, their weight and measurement, whether freight costs have been paid or whether payment of freight is due on arrival at the destination. The particulars of the container in which goods are stuffed are also mentioned in case of containerised cargo. The document is dated and signed by the carrier or its agent. The date of the Bill of Lading is deemed to be the date of shipment. If the date on which the goods are loaded on board is different from the date of the Bill of Lading then the actual date of loading on board will be evidenced by a notation on the Bill of Lading. In certain cases a carrier may issue a separate on board certificate to the shipper.

**Main types of bill**

**Straight Bill of Lading**

In this **importer/consignee/agent is named in the Bill of Lading**, it is called straight Bill of Lading. It is a document, in which a seller agrees to use a certain transportation to ship a good to a certain location, where the bill is assigned to a certain party. It details to the quality and quantity of goods.

**Order Bill of Lading**

This bill uses express words to make the bill negotiable, e.g. it states that delivery is to be made to the further order of the consignee using words such as "delivery to A Ltd. or to order or assigns". Consequently, it can be indorsed (legal spelling of endorse, maintained in all statute, including Bills of Exchange Act 1909 (CTH)) by A Ltd. or the right to take delivery can be transferred by physical delivery of the bill accompanied by adequate evidence of A Ltd.’s intention to transfer.

**Bearer Bill of Lading**

This bill states that delivery shall be made to whosoever holds the bill. Such bill may be created explicitly or it is an order bill that fails to nominate the consignee whether in its original form or through an endorsement in blank. A bearer bill can be negotiated by physical delivery.

**Surrender Bill of Lading**

Under a term import documentary credit the bank releases the documents on receipt from the negotiating bank but the importer does not pay the bank until the maturity of the draft under the relative credit. This direct liability is called Surrender Bill of Lading (SBL), i.e. when we hand over the Bill of Lading we surrender title to the goods and our power of sale over the goods.
A clean Bill of Lading states that the cargo has been loaded on board the ship in apparent good order and condition. Such a Bill of Lading will not bear a clause or notation which expressively declares a defective condition of goods and/or the packaging. Thus, a Bill of Lading that reflects the fact that the carrier received the goods in good condition. The opposite term is a soiled Bill of Lading, which reflects that the goods are received by the carrier in anything but good condition.
Sample

<table>
<thead>
<tr>
<th>Container No.</th>
<th>Seal No.</th>
<th>Makers and Numbers</th>
<th>No. of Containers or Pails</th>
<th>Kind of Packages, Description of Goods</th>
<th>Gross Weight</th>
<th>Measurement</th>
</tr>
</thead>
</table>

Total number of Containers or other Packages of Units (in words)

Merchant's Declared Value (See Clauses 8 & 19):

Note: The Merchant's attention is called to the fact that according to Clauses 8 & 19 of this Bill of Lading the liability of the Carrier is, in most cases, limited in respect of loss of or damage to the Goods.

Freight and Charges | Revenue Tons | Rate | Per | Prepaid | Collect |

Exchange Rate | Prepaid at | Payable at | Place and Date of CT/B L Issue |

Total prepaid in local currency | No. of original CT/B/L | SIGNATURE as the Carrier |

LADEN ON BOARD THE OCEAN VESSEL

Date | By |

An enlarged copy of back clauses is available from the Carrier upon request.
Multi-modal Transport Documents

Sea transportation brought about many innovations in international transportation of goods. Multi-modal or combined transport is one such innovation. Cargo today can be moved from an inland freight station in the exporting country to an inland destination in the importing country. Goods may be picked up and transported using different modes of transport. E.g. a consignment of garments may be containerised at a factory in Mysore, customs cleared at ICD Bangalore, moved by rail to Cochin, by sea to Dubai, by air to Frankfurt and road to Düsseldorf, all under a single transport document. In such an operation, involving one or more land legs and/or air or sea legs, one carrier makes itself responsible for the entire transport operation. The contracting carrier is referred to as a multi-modal or a combined transport operator (MTO). He is liable in contract to the shipper if the goods are damaged at any stage of the carriage. The multi-modal transportation document may be issued either in non-negotiable or negotiable form. The multi-modal transportation document (MTD), whether negotiable or non-negotiable, is prima facie evidence of the MTO taking charge of the goods for transportation. MTDs are of two types, the COMBIDOC evolved by the Baltic International Maritime Council (BIMCO) and FBL or FIATA MT Bill of Lading evolved by the International Federation of Freight Forwarders' Associations (FIATA). This document (FBL) has been approved by the International Chamber of Commerce (ICC) for the purpose of documentary credit. FIATA has evolved specific norms for the use of FBLs.

Amendments to Bills of Lading (including duplicate sets)

When shippers request amendments to Bill of Lading, agents must exercise their best judgement in acceding to such request. However, the following procedures should be followed:

1. The full set of original Bills of Lading must be returned for amendments.
2. When making the amendments, agents must carefully ensure that the cargo details on the Bill of Lading are still in conformity with the contents of the Dock Receipt.

Duplicate set of Bills of Lading

Sometimes a cargo owner reports he has lost his original Bill of Lading, but he still want to control the cargo. The recommended procedure is below, however varies from Shipping Line to Shipping Line:

a. **Verify party making the request** - Ensure that the party making the request is in fact the Lawful holder of the Bill of Lading; and thus entitled to make the request. E.g. if request is from consignee, confirm with shipper that consignee should be entitled.

b. **Written request** - The request must be made in writing and clearly identify the party making the request.

c. **Letter of indemnity (LOI)** - In order to issue duplicate set of Bills, the requesting party needs to provide a LOI, counter signed by a first class bank, indemnifying the Shipping Line in full for any costs or liabilities arising.

d. **New Bills of Lading numbers** - The replacement Bills must be issued with new Bill of Lading numbers, and be marked to show that they are replacements, using wording such as "Second original replacing Bill of Lading [identified by B/L number and date issued] which is now null and void"
e. **Email to destination** - An email must be sent to the destination agent advising that a duplicate set has been issued and advising who to contact if Bills of Lading from the original set should surface.

**Release of cargo without Bill of Lading**

If cargo is released without original Bill of Lading the Shipping Line is in fundamental breach of the contract and cannot rely on the limitation of liability in the Bill of Lading terms; and they are not covered by their P&I Club insurance.

The utmost care and diligence must be exercised when Delivery Orders are issued against a letter of indemnity or other suitable guarantee, as the Shipping Line does not have the benefit of Hague/Hague-Visby Rules limitations (since this is out of contract), but also because they are prejudicing their P&I cover.

Recommended to check with shipper and receive his written confirmation that
1. Bills are not held back due to lack of payment;
2. The party requesting the delivery, to shipper's knowledge, is the correct party entitled to the cargo; and
3. That shipper can accept release of the goods to the consignee without production of the original Bill of lading.

The party requesting delivery of goods without original Bill of lading must issue a letter of indemnity and present a first class bank guarantee to back it up. It is still required that you obtain written approval from shipper prior to releasing the cargo.

The letter of indemnity (LOI) must correspond to the particulars of the goods shown in Bill of Lading.

The guarantee to deliver cargo without presentation of the original Bills of Lading must not only cover the principal but also specifically cover the liability of the agent, as in many countries the agent himself will have the responsibility independent from that of his principal and this must be reflected in the wording of the guarantee.

The LOI and the bank guarantee must be kept in safe deposit and must only be released in exchange for the original Bill of Lading duly endorsed (if recovered afterwards).

**HOUSE BILL OF LADING**

A House Bill of Lading is a B/L issued by a freight forwarder to a shipper as a receipt for the goods being shipped with other cargo as one consignment (usually as a full container load). The shipping company's (carrier's) B/L shows the forwarder as the consignor, and the name of forwarder's agent at the port of destination as the consignee. Although it is not a complete document of title, a house B/L has a legal standing similar to that of a normal (carrier's) B/L. If not specifically prohibited, it is capable of being negotiated and of acceptance by the importer's bank for payment under a letter of credit. Also called a forwarder's Bill of Lading.
A sea waybill is a non-negotiable receipt issued by the carrier. Where the cargo is likely to arrive before the formal documents or where the shipper does not insist on separate bills for every item of cargo carried (e.g. because this is one of a series of loads being delivered to the same consignee). Delivery is made to the consignee who identifies himself. It is customary in transactions where the shipper and consignee are the same person in law making the rigid production of documents unnecessary.

A sea waybill is identical to a Bill of Lading, however it is also fundamentally different on a few, important points. A Waybill of Lading is a document issued to a shipper in exchange for his
cargo. A Waybill is not negotiable and therefore cargo can only be delivered to a named consignee nominated by the shipper.

The Sea Waybill holds two functions:

1. Evidence of a contract of carriage
2. Receipt for cargo

A waybill or consignment note is a document issued by a carrier giving details and instructions relating to the shipment of a consignment of goods. Typically it will show the names of the consignor and consignee, the point of origin of the consignment, its destination, route, and method of shipment, and the amount charged for carriage. Unlike a Bill of Lading, which includes much of the same information, a waybill is not a document of title. Most Freight Forwarders and Trucking Companies use an in-house waybill called a House Bill. These typically contain ‘Conditions of Contract of Carriage’ terms on the back of the form. These terms cover limits to liability and other terms and conditions.
## Introduction to Forwarding Certificate

**NON-NEGOTIABLE LINER SEA WAYBILL**

Issued by The Baltic and International Maritime Council (BIMCO), subject to the CMI Uniform Rules for Sea Waybills.

<table>
<thead>
<tr>
<th>L/W B. No.</th>
<th>Reference No.</th>
</tr>
</thead>
</table>

### Consignee (not to order)

Notify party/address

### Pre-carriage by

Place of receipt by pre-carrier

### Vessel

Port of loading

### Port of discharge

Place of delivery by on-carrier

### Container No./Seal No./Marks and Numbers

Number and kind of packages, description of goods

Gross weight, kg. Measurement, m

---

Above particulars as declared by Shipper but not acknowledged by the Carrier.

<table>
<thead>
<tr>
<th>Total No. of Containers/Packages or Units received by the Carrier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freight and charges</td>
</tr>
</tbody>
</table>
| FREIGHTS for carriage in apparent good order and condition (unless otherwise stated herein) the total number of Containers/Packages or Units indicated in the box opposite and the Total No. of Containers/Packages or Units received by the Carrier and the goods as specified above: weight, measure, mark, numbers, quality, quantity, contents and state unknown for delivery at the place indicated above.
| The goods shipped under this Sea Waybill will be delivered to the Party named as Consignee or its authorized agent, in good condition without any documentary fault. Should the Shipper require delivery of the goods to a party other than the Consignee named in this Sea Waybill, then written instructions must be given to the Carrier or its agent. The Shipper shall be entitled to transfer right of control of the goods to the Consignee, the exercise of such option to be held by this Sea Waybill and to be made to later than the receipt of the goods by the Carrier. The Carrier shall exercise its rights and duties hereunder only in the name of the Consignee, and shall accept no responsibility unless due to fault or neglect on its part. |

**Freight payable at**

Shippers declared value of:

subject to payment of above extra charge.

FOR CONDITIONS OF CARRIAGE SEE NEXT PAGE.

**Note:**

The attention of the Consignee is drawn to the fact that in accordance with Clauses 10 to 13 and Clause 24 of this Sea Waybill, the liability of the Carrier is limited in respect of loss or damage to the goods and delays.

*Applicable only when document used as a Through Sea Waybill*

---

Above: sample Sea Waybill

---

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Who uses waybills?

- Head offices shipping to group companies
- Where transfer time is short and goods will arrive before bill can move between shipper/bank/consignee
- Where sale operates on open account basis i.e. large suppliers or customers
- Non commercial transactions i.e. household effects, exhibits for museums
- EDI transactions

Why would they use a waybill?

- No need to issue sets of certified copies
- No need for consignee to produce the Waybill to obtain deliver, the consignee only has to produce evidence of identity, pay the freight and other charges and take delivery
- Prevents fraud

DIGITAL WAYBILL

A digital waybill is an electronic version of a waybill, which has become very common as many shipments are ordered through the internet. The driving force behind the movement to the Digital Waybill has been the lowering of printing costs for shipping companies. The market has also benefited from cost savings through the reduction in telephone and fax costs due to the increased usage of the digital waybill. In some regions, it has been referred to as an e-Waybill however this is not the industry standard.

COMMERCIAL INVOICE

A Commercial Invoice is a document required by customs to determine true value of the imported goods, for assessment of duties and taxes. While there is no international standard for the contents of invoices they should include:

1. Full name of seller, including address and telephone number, on letterhead or printed form.
2. Full name of buyer and buyer’s address (or, if not a sale, the consignee).
3. The place of delivery (for example, Ex Works, FOB port of export, CIF).
4. The sale price and grand total for each item, which includes all charges to the place of delivery. “Assists,” royalties, proceeds of subsequent resale or use of the products, and indirect payments, if any, must also be included in the sale price. If it is not a sale, list the fair market value, a statement that it is not a sale, and that the value stated is “For Customs Purposes Only.”
5. A description of the product(s) sufficiently detailed for the foreign Customs authorities to be able to confirm the correct Harmonised Tariff classification, including the quality or grade.
6. The quantities (and/or weights) of each product.
7. A date for the invoice (on or around the date of export).
8. The currency of the sale price (or value) (U.S.$ or foreign).
9. The marks, numbers, and symbols on the packages.
10. The cost of packaging, cases, packing, and containers, if paid for by the seller, which is not included in the sales price and being billed to the buyer.

11. All charges paid by the seller, separately identified and itemised, including freight (inland and international), insurance, and commissions, etc., which is not included in the price and being billed to the buyer.

12. The country of origin (manufacture).

13. Shipper’s signature and date.

14. CHECK WITH THE BUYER OR IMPORTER BEFORE FINALISING THE INVOICE TO CONFIRM THAT NO OTHER INFORMATION IS REQUIRED.

---

### COMMERCIAL INVOICE

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Description</th>
<th>Unit</th>
<th>Unit Price</th>
<th>Total Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>111-111</td>
<td>Example Product</td>
<td>EACH</td>
<td>19.95</td>
<td>1995.00</td>
</tr>
<tr>
<td>222-222</td>
<td>Another Example Product</td>
<td>EACH</td>
<td>20.95</td>
<td>2085.00</td>
</tr>
</tbody>
</table>

- There are 13 lines of products available per sheet, and you may add as many sheets as you like.
- These fields are for notes and anything else you want to use them for. There is plenty of room here for anything that you want to say or add.
-包装费 50.00
- 全部 4185.00

---

**President**

**Date Here**
CERTIFICATE OF ORIGIN

A Certificate of Origin is a document that certifies a shipment’s country of origin. It is used between members of a trading block or where special privileges are granted to goods produced in certain countries. Certificate of origin is commonly issued by a trade promotion office, or a chamber of commerce in the exporting country. This is signed by the exporter, and, the agency that is used to performing this service (again, for a fee) and certifies to the best of its knowledge that the products are products of the country specified by the exporter.

Certificates of origin must be distinguished from country of origin marking. Many countries require that both the products themselves and the labels on the packages, specify the country of origin. The country of origin certificate may be in addition to or in lieu of that requirement. Also called a declaration of origin.
## SAMPLE CERTIFICATE OF ORIGIN

**Bangkok Agreement**  
(Combined declaration and certificate)

1. Goods consigned from:  
   (Exporter’s business name, address, country)  

2. Goods consigned to:  
   (Consignee’s name, address, country)

3. For official use

4. Means of transport and route:

<table>
<thead>
<tr>
<th>5. Tariff item number</th>
<th>6. marks and number of packages</th>
<th>7. Number and kind of packages /description of goods:</th>
<th>8. Origin criterion (see notes overleaf)</th>
<th>9. Gross weight or other quantity:</th>
<th>10. Number of date of invoice:</th>
</tr>
</thead>
</table>

11. Declaration by the exporter:  
   The undersigned hereby declares that the above details and statements are correct:  
   that all the goods were produced in  
   …………………………………………………….  
   (Country)  
   and that they comply with the origin requirements specified for these goods in  
   Bangkok Agreement for goods exported to  
   …………………………………………………….  
   (Importing Country)  
   Place and date, signature of authorized Signatory

12. Certificates  
   It is hereby certified on the basis of control carried out, that the declaration by the exporter is correct.  
   Place and date, signature and Stamp of Certifying Authority

Above: sample Certificate of Origin

## INSURANCE CERTIFICATE

An **Insurance Certificate** is **proof of Insurance**. Insurance is a risk-transfer mechanism that ensures full or partial financial compensation for the loss or damage caused by event(s) beyond the control of the insured party. Under an insurance contract, a party (the insurer) indemnifies the other party (the insured) against a specified amount of loss, occurring from specified eventualities within a specified period, provided a fee called premium is paid.
Above: sample Certificate of Insurance

**INSPECTION CERTIFICATE**

Some importers of foreign countries may require that the goods be inspected by an independent inspection company prior to shipment. The purpose of the inspection is to attest that goods are what the exporter is specifying they are. Inspection certificates are issued by and obtained from the independent testing organisation.

**MATE’S RECEIPT / DOCKS AND WAREHOUSE RECEIPT**
It indicates:

- The type of package
- The net weight (the actual weight of the goods)
- The legal weight (the weight of the goods plus any immediate wrappings that are sold with the goods)
- The tare weight (the weight of a container and/or packing materials without the weight of the goods it contains)
- The gross weight (the full weight of the shipment, including goods and packaging)
- The package’s measurements (length, width and height)
- Also shows the references, the buyer’s purchase order number and the seller’s order/invoice number assigned by the buyer and seller.

Prepared by the shipper and sent to the consignee for accurate tallying of the delivered goods. Also called a bill of parcels, packing slip, or unpacking note.
PRO FORMA INVOICE

An abridged or estimated invoice sent by a seller to a buyer in advance of a shipment or delivery of goods. It notes the kind and quantity of goods, their value, and other important information such as weight and transportation charges. Pro forma invoices are commonly used as preliminary invoices with a quotation, or for customs purposes in importation. They differ from a normal invoice in not being a demand or request for payment.
LETTER OF INDEMNITY

What is a Letter or Indemnity?

Is a written undertaking by a third party (such as a bank or insurance company), on behalf of one of the parties (the first party) to a transaction or contract, to cover the other party (the second party) against specific loss or damage arising from the action (or inaction) of the first party. Also called indemnity bond or a bond of indemnity.

When would you need one?

When a consignee or shipper loses an Original Bill of Lading, the shipping line needs guarantees that all parties will not take legal action against them in the event the Original Bill is used illegally to clear the cargo.
Standard Form Letter of Indemnity for Issuance of Duplicate Original Set of Bills Of Lading

(MUST BE ON INDEMNITORS LETTERHEAD)

[insert date]

To: Orient Overseas Container Line Limited ("OOCL") and its affiliates, The Carrier
The owners of the Vessel (collectively, the "Indemnified Parties")

Vessel: [insert name of vessel]
Voyage: [insert load and discharge ports as stated in the bill of lading]
Goods: [insert description of goods]
Bill of Lading: [insert identification numbers, date and place of issue]

The Goods were shipped on the Vessel by [insert name of shipper] and consigned to [insert name of consignee or party to whose order the bill of lading is made out, as appropriate] for delivery at [insert name of final destination stated in the bill of lading]. We confirm that we had received the full set of original Bill of Lading ("Original Bill of Lading") for the shipment but was unable to locate or had otherwise lost the Original Bill of Lading for reason of [please insert reasons] and we, [insert name of party requesting re-issue], hereby request you to issue a duplicate set of the Original Bill of Lading ("Replacement Bill of Lading") and deliver the Goods to [insert name of party to whom delivery is to be made] at [insert place where delivery is to be made] without production of the Original Bill of Lading (the "Request"). Unless otherwise provided herein, capitalized terms used herein without definition shall have the meaning given to them in the Bill of Lading.

We represent, warrant, and guarantee that: (a) we are the holder of the Original Bill of Lading and are entitled to the Replacement Bill of Lading for the shipment; (b) we are the legal owners of the Goods at the time of the issue of this Letter of Indemnity and are entitled to delivery and possession of the Goods; and (c) we have not assigned, endorsed or transferred the Original Bill of Lading.

In consideration of your complyng with the Request, we agree as follows:

1. to indemnify you, your servants and agents and to hold all of you harmless in respect of any liability, loss, damage or expenses of whatsoever nature and howsoever arising which any of you may sustain by reason of the loss of the Original Bill of Lading and/or by reason of issuing a Replacement Bill of Lading in accordance with the Request and/or by reason of your delivery of the Goods to the Consignee without production of the Original Bill of Lading, and/or by reason of any breach of any representation, warranty, or guaranty contained in this Letter of Indemnity;

2. in the event of any proceedings being commenced against you, your servants and agents or any of you in connection with the Original Bill of Lading and/or Replacement Bill of Lading and/or the delivery of Goods as aforesaid to provide Indemnified Parties or one or more of them on demand with sufficient funds to defend the same;

3. if, in connection with the Original Bill of Lading and the Replacement Bill of Lading and/or the delivery of Goods as aforesaid, the Vessel or any other vessel or property belonging to Indemnified Parties or any of them should be arrested or detained or if the arrest or detention thereof should be threatened or should there be any interference in the use or trading of the vessel (whether by virtue of a caveat being entered on the ship's registry or otherwise howsoever), to provide on demand such bail or other security as may be required to prevent such arrest or detention or to secure the release of such vessel or property and to indemnify you, your servants and agents in respect of any liability, loss, damage or expenses caused by such arrest or detention or threatened arrest or detention whether or not such arrest or detention or threatened arrest or detention may be justified;

4. as soon as all Original Bills of Lading for the above Goods shall have come into our possession, to deliver the same to Indemnified Parties, whereupon our liability hereunder shall cease; and

5. The liability of each and every person under this indemnity shall be joint and several and shall not be conditional upon your proceeding first against any person, whether or not such person is party to or liable under this indemnity.

6. This indemnity shall be governed by and construed in accordance with English law and each and every person liable under this indemnity shall at your request submit to the jurisdiction of the High Court of Justice of England.

Above: sample Letter of Indemnity
CONSULAR INVOICE

Certain countries require a consular invoice to control and identify goods. A consular invoice is usually prepared from the information in the commercial invoice, but it must be signed by a representative of the country of destination stationed at that country’s embassy or consulate located in the exporting country. One reason for requiring such invoices is that the country of destination may deduct certain charges from the price of the goods in order to determine the value for customs duties. If the commercial invoice does not contain all of the information necessary, the foreign customs service would be unable to complete the duty assessment. The consular invoice lists the specific items about which that country requires information. The consul charges a fee for this service.

SHIPPERS LETTER OF INSTRUCTION

The shipper’s letter of instruction is a letter from the shipper / exporter instructing the freight forwarder how and where to send the shipment. The information provided in this form enables the freight forwarder to process the shipment and prepare the required documentation. The information provided on the form outlines the details of the agreement between the exporter and the importer for the specific shipment.
**SHIPPER'S INSTRUCTIONS TO ARRANGE FOR SHIPMENT OF GOODS (AIR FREIGHT)**

From Shipper ("The Customer")

<table>
<thead>
<tr>
<th>Person to Contact</th>
<th>Tel No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consignee</td>
<td></td>
</tr>
</tbody>
</table>

**QUEST LOGISTICS PVT LTD**

Marine tower, 3rd Floor, 45/89, Thambu Chetty Street, Chennai - 600 001
Tel: 044-43445355 (20 lines) Fax: 044-42665549 info@questlogistics.in www.questlogistics.in

**Notify Party**

Airfreight Charges:
- [ ] To be prepaid
- [ ] To be collected (If service available)

Other Charges:
- [ ] To be prepaid
- [ ] To be collected (If service available)

If terms is FOB, other charges must be prepaid. "Ex-work" all charges can be collected but depends on Country of Destination Trade Regulations.

**MAWB No.**

**HAWB No.**

<table>
<thead>
<tr>
<th>Our RA Code</th>
<th>Known Consignor Code</th>
<th>Shipping Order No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>RA 09249</td>
<td>Kc-</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FLT N/R/Date</th>
<th>Port of Loading</th>
<th>Country of Origin (Goods):</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Destination</th>
<th>Airline Counter-Signature</th>
<th>Special Instructions:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>IATA/Direct</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Door-to-Door Service</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Consolidation</td>
</tr>
</tbody>
</table>

**Marks & Nos:**

Number and Kind of Packages

<table>
<thead>
<tr>
<th>Description of Goods</th>
<th>Gross Weight</th>
<th>Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Specify Currency:</th>
<th>Declared Value for Customs</th>
<th>Declared Value for Carriage</th>
<th>Insurance Amount</th>
<th>Shipper's C.O.D.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Documents to accompany airwaybill or house airwaybill:

Export License No. ____________________________

<table>
<thead>
<tr>
<th>Packing List</th>
<th>Commercial Invoice</th>
<th>Customs / Consular Invoice</th>
<th>Certificate of Origin No.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The Agent acknowledges receipt of the above instructions from the Customer. This acknowledgement does not constitute an acceptance of the instructions by the Agent. Acceptance of the instructions will be made by way of the issue of the Agent’s House Air Waybill, House Air Waybill Air Consignment Note or the Air Carrier’s Air Waybill or other such similar documents. Where goods or documents are delivered to and accepted by the Agent before the Agent accepts the Customer’s instructions, no liability whatsoever for such goods or documents will be accepted by the Agent. If, however, the Agent is held to be liable, all the provisions of limitation of liabilities specified in the Conditions of Contract overleaf will apply. The Customer shall indemnify the Agent with all expenses and costs incurred and will indemnify the Agent for all losses and liabilities however caused.

Signature and stamp ____________________________

Date: ____________________________ (Month / Day / Year)

**SHIPPER'S DECLARATION**

1. The Customer declares that all descriptions, values and other particulars furnished herein are accurate and complete. The Customer undertakes to indemnify the Co. against all losses, damages, expenses incurred and any other liabilities whatsoever arising from any inaccuracy or omission, even if such inaccuracy or omission is not due to any negligence.

2. The undersigned authorized officer of the Customer hereby declares that he has read the conditions of contract overleaf and the terms and conditions appearing on this page and that he fully understands them and agrees on behalf of the Customer that they should form part of the contract which, upon acceptance to the above instructions by the Co., will be concluded between the Customer and Co.

Signature & Stamp of SHIPPER: ____________________________

Date: ____________________________ (Month / Day / Year)
AIR WAYBILL

The air waybill is a bill of lading for cargo being shipped by air. It is a nonnegotiable document, issued by the air carrier, that specifies the terms under which the air carrier will be transporting the goods to their destination.
DESTINATION CONTROL STATEMENT

The exporter is required to place the destination control statement on the commercial invoice, on the ocean or air waybill of lading, and the shipper’s export declaration. The destination control statement can be as simple as “These goods are licensed by (the country of origin) for export to (name of country).

EXPORT LICENSE

A license that a government issues to an exporter granting permission to sell certain goods to a given country. Because countries have different trade agreements with other governments, and sometimes do not allow any trade with some nations, export licenses ensure that exporters are adhering to all applicable laws.

7. IMPORT DOCUMENTS

The following 4 documents were covered under Export Documents and are also required for Imports.

1. Commercial Invoice
2. House Bill of Lading
3. Ocean Bill of Lading
4. Packing List

In addition to these documents the following import documents are included.

5. Arrival Notification
6. Bill of Entry
7. Customs Entry
8. Delivery Order
9. Delivery Note
10. Manifest
11. E-mail release
12. Carrier Certificate

Arrival Notification/Notice of Arrival

Notice sent by a carrier or agent to the consignee (and to the notify party, if any) to inform about the arrival of the shipment and number of packages, description of goods, their weight, and collection charges (if any).
This allows the consignee to prepare his documents for clearance in advance. This however is not a requirement of the shipping line to notify the consignee, the shipper is responsible for notifying the consignee.
Bill of Entry or Customs Entry

A bill of entry is a formal declaration describing goods which are being imported or exported. The bill of entry is examined by customs officials to confirm that the contents of a shipment conform with the law, and to determine which taxes, tariffs, and restrictions may apply to the shipment. This document must be prepared by the importer or exporter, with many companies hiring a clerk specifically to handle the process of preparing bills of entry.

A typical bill of entry includes a description of the goods in the shipment, including details and the quantity of the goods, along with an estimate of their value. Customs officials reserve the right to inspect the shipment to determine whether or not it is consistent with the bill of entry, and discrepancies can be grounds for legal proceedings. Once a bill of entry has been reviewed and the shipment has been inspected, it can be cleared for sale or transfer. If there is a problem, customs may opt to confiscate the goods.

Many nations have specific laws about how bills of entry should be formatted and presented. It is important to have accurate documentation, or goods can be held up in customs. This can cause an inconvenience in some cases, and spoilage or destruction of the goods in others; a shipment of fruit, for example, will not hold up through a lengthy retention by customs while details of the shipment are worked out.

Main types of entry are:

1. **Consumption entry**: for goods to be offered for sale (consumption) in the importing country,
2. **Formal entry**: that is required to be covered by an entry bond because its aggregate value exceeds a certain amount,
3. **Informal entry**: that is not required to be covered under an entry bond because its value is less than a certain amount,
4. **In-transit entry**: for the movement of goods from the port of unloading to the port of destination under a Customs bond,
5. **Mail entry**: for goods entering through post office or courier service and below a certain value,
6. **Personal baggage entry**: for goods brought imported as personal baggage,
7. **Transportation and exportation entry**: for goods passing through a country en-route to another country, and
8. **Warehouse entry**: for the goods stored in a bonded warehouse. Called also customs declaration, duty entry, or just entry.
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Delivery Order (D/O)

Is a document from a consignor, a shipper, or an owner of freight which orders the release of the transportation of cargo to another party? Usually the written order permits the direct delivery of goods to a warehouseman, carrier or other person who in the course of their ordinary business issues warehouse receipts or Bills of Lading.

According to the Uniform Commercial Code (UCC) a delivery order refers to an "order given by an owner of goods to a person in possession of them (the carrier or warehouseman) directing that person to deliver the goods to a person named in the order."
A Delivery Order which is used for the import of cargo should not to be confused with delivery instructions. Delivery Instructions provides specific information to the inland carrier concerning the arrangement made by the forwarder to deliver the merchandise to the particular pier or vessel.

![Delivery Order - Delivery Instructions](sample)

Above: sample Delivery Order

**Delivery Instruction**

A Delivery Instruction or Delivery Note is a document accompanying a shipment of goods that lists the description, and quantity of the goods delivered. A copy of the delivery note, signed by the buyer or consignee, is returned to the seller or consignor as a proof of delivery.

**Manifest**

A manifest is a Transport document that serves as a tally-sheet, and gives a detailed summary of all Bills of Lading issued by a carrier (or its agent) for a particular voyage of a particular
vessel or vehicle. For cargo carrying vessels or vehicles, a manifest lists its consignor, consignee, number, origin, destination, value, and other such information primarily for use by the customs authorities.

The manifest contains the same details as mentioned on the Bill of Lading and is made up according to destination. It is used for many purposes:

- For submission to customs in connection with clearance of the vessel to and from the port.
- By the shipping agent as a record of the shipments made and as a reference document for numerous purposes in the day-to-day operations.
- By the ship as a record of cargo loaded on board, by destination.
- By the agents in the discharging port as a check list from which he can contact customers regarding the delivery of their cargo and also ascertain whether freight must be collected before delivery.
- By the agent for statistical purposes.

### E-mail Release of cargo

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Cargo may be released via e-mail release (historical reference was telex release), if a Customer requests his cargo to be released at destination and hands in his original Bills of Lading, duly endorsed, at another shipping line office than the destination office needs an email release notice from the office that received the original Bills of Lading.

**Carrier Certificate**

An official document drawn by a shipper stating its intent to transport goods across borders. The certificate assigns legal custody of such goods to an individual or entity that is presented to customs authorities. (A customs requirement).

Thank you for completing the Introduction to Forwarding Certificate with ShippingCollege. The course is designed as an induction course for new entrants in the Forwarding industry.

You may wish to consider enrolling for the 6 month Diploma Course in Clearing and Forwarding to expand your knowledge of Clearing and Forwarding and gain a valuable qualification to assist your future career prospects.

Please contact us on info@shippingcollege.co.uk should you have any questions.

The following is the course index.

**CLEARING AND FORWARDING DIPLOMA**

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2. Early Days
3. Forwarders Business Structure
4. The Container Export Transaction in 10 Easy Steps
5. The Container Import Transaction in 10 Easy Steps
6. Route and Transport Mode selection (Pros and Cons)

**Transport Modes**

7. Intermodal Freight vs. Multimodal Freight
8. Airfreight
9. Airfreight Terminology
10. Road Transport
11. Rail Transport
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