

Freight Forwarders Training Courses

for Armenia, Azerbaijan, Georgia, Kazakhstan, Kyrgyz Republic, Moldova, Tajikistan, Turkmenistan, Ukraine, Uzbekistan

Module 1 An Introduction to Freight Forwarding



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1 AN INTRODUCTION TO FREIGHT FORWARDING

Learning Objective:

The student should understand the legal position of a freight forwarder, his/her functions and the general structures and processes in forwarding. The interrelations between trade and forwarding should be clear to him/her. He/she should know the different FIATA documents and the area of their application.

1.1 International Freight Forwarder and the Freight Business

Learning Objectives:

The student should be aware of the interrelation between international trade and forwarding activities. The student should understand the position of a forwarder as an intermediary in international freight business and should be able to explain the differences between shipper, carrier, forwarder and forwarder as principal. The importance of general trading for forwarders should be realized.

The student should understand in which areas expertise is required for freight forwarders.

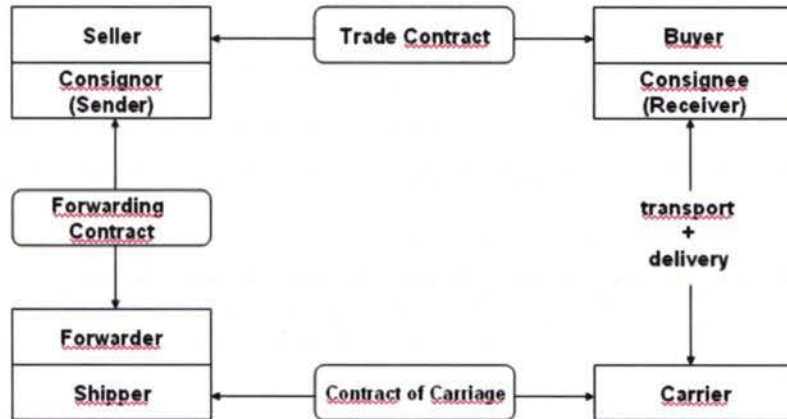
1.1.1 Interrelation between international trade and forwarding activities

Learning Objective:

The student should be aware of the interrelation between international trade and forwarding activities. The student should understand the position of a forwarder as an intermediary in international freight business and should be able to explain the differences between shipper, carrier, forwarder and forwarder as principal.

The trade contract is the basis for the forwarding activities, especially concerning organizational and documentary matters. Whilst the precise duties of shipping are subject to the contractual terms, it is customary for the shipper (whether the seller or buyer) to obtain export licenses, secure shipping space, transport the goods to the port of shipment, ensure that customs documentation and clearances are met and load the goods on board the vessel. In the carriage of goods the role of agents cannot be ignored. Very often the use of a freight forwarder is indispensable.

The following chart explains the parties involved in trade and forwarding activities and their contractual relations.



Note the different functions and terms: seller, buyer, consignor, consignee, shipper, freight forwarder and carrier. You will need to use them in many of the forthcoming modules!

The freight forwarder will arrange for the transport of the goods by road, rail, air or sea to the port of shipment. The freight forwarder is usually instructed to find warehouse space for the goods while they await the vessel's arrival.

The necessity that the goods be transported to the port of shipment to meet the arrival of the nominated vessel for shipment has led to the use of combined transport agreements. These agreements, normally negotiated and concluded by freight forwarders, will provide for the carriage of the goods using various modes of transport.

International Freight Business entails

- The legal relationships between parties who sell and buy goods from each other
- Their relationships with persons willing to carry the goods from one place to another
- The arrangements they have with insurers to protect the goods in the event of loss or damage and
- Any financing or payment agreements with banks or financial institutions

International Trade Relations are governed by

- The contractual rights and obligations as agreed between the parties whether expressly or by implication. Where the performance of a duty is provided for by contract, unless that provision contradicts the law or public policy of the hosting country, that contractual provision shall be binding as between the parties
- The municipal legal framework entails all local regulations and legislation
- International and European legal sources which, indicatively, include relevant EU legislation, INCOTERMS, ICC Rules on Documentary Credits and Uniform Rules for Demand Guarantees

The structure of International Trade refers to the mechanisms in place for trading to take place. It should not be confused with the channels for the distribution of the goods. The latter refers to the way goods traded are transported and carried to their destination. We can therefore notice direct exporting and counter-trade.

Direct exporting is the transfer of the property in the goods to the buyer by shipping the goods to him or his agent and payment being made to the seller either directly or through a bank payment system. Very often the transfer of property in the goods takes place through the assignment or transfer of the document of title relating to the goods, to the buyer or his agent in place of the actual delivery of the goods themselves.

Counter-trade is an ideal solution when the states involved face difficulties in obtaining money to pay for imports. Counter-trade may take any of the following forms: Barter, Counter-purchase, Offset, Buy-back, Switch Trading, Evidence Accounts.

Agents in the International Trade Transactions (in General)

International Trade, by definition, involves many different arrangements, which are impossible to be cleared by the trader himself. It, therefore, becomes evident that the role of the Agent is at the heart of International Trade.

As far as export / import practice is concerned the Agent is usually employed:

- to market a particular product
- to penetrate a market known especially to the Agent by virtue of his skill, experience and personal attributes
- to secure sub-agents to sell the product
- to elicit information relevant to the Principal's business
- to represent the Principal
- to secure credit on behalf of the Principal
- to procure certain goods or services for the Principal
- to procure freight space
- to procure finance from banks and lenders
- to secure insurance for the goods
- to secure legal advice in a foreign country

Agents inherent to International Trade include:

- Factors, namely persons in possession of goods belonging to their Principal to be sold for the benefit of the Principal
- Brokers, namely persons who conduct negotiations on behalf of Buyers and Sellers
- Commission Agents, namely persons who enter into contracts with third parties in their own name, although they do not do so as agents
- Confirming Houses, namely persons who take on the role of an agent for an overseas buyer who is interested in buying goods from a seller in the country
- Del credere Agents, namely persons who take on additional risks

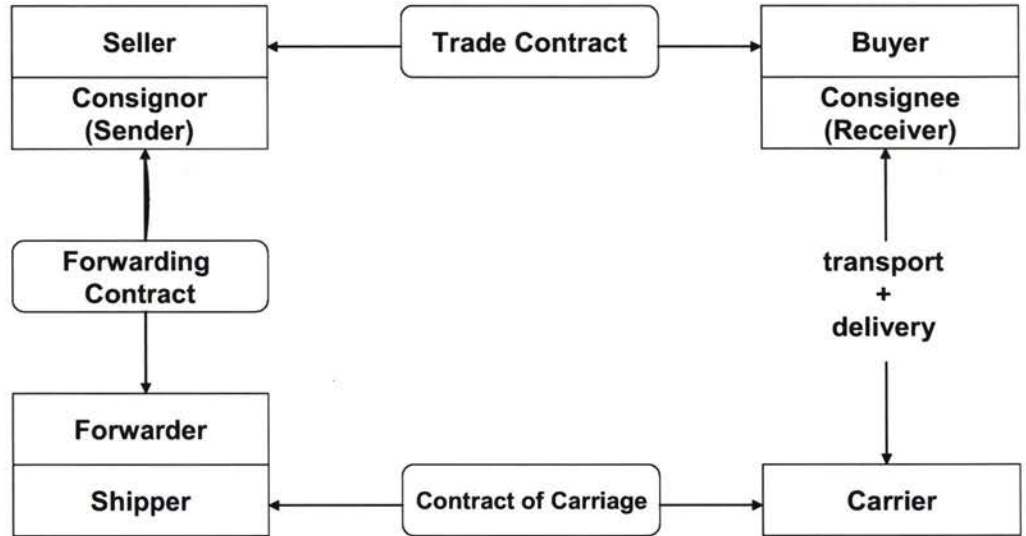
Agents in the Carriage of Goods include:

- Loading Brokers, who conduct loading operations
- Forwarding Agents, whose duties are determined by the contract. Their role and duties are open to agreement.

Test Question (1.1.1.):

1. *Who concludes which contracts?*

Please indicate.



2. *Explain the differences between Buyer, Seller, Consignor, Consignee, Shipper, Carrier and Forwarder! Please indicate.*

Term	Activity
Buyer	Purchases goods and pays the purchase price
Seller	Sells goods and has to deliver the goods according to the contract (point of delivery)
Consignor	Sender of the goods (may be different from the seller, e.g. another company or location where the cargo is coming from)
Consignee	Receiver of the goods (address where the cargo has to be delivered to)
Shipper	Is responsible for delivery of the goods and is the contractual partner of the carrier within a contract of carriage
Carrier	Carries the goods from the point of collection to the point of delivery according to the contract of carriage, is responsible for loss, damage or delay
Forwarder	Organizes the carriage in his own name but on account of the shipper as intermediary, is responsible for due diligence in choosing carriers and other service providers

1.1.2 Forwarding Services and the Legal Position of a Freight Forwarder

Learning objective (1.1.2.):

The student should understand the legal position of a forwarder in general and the differences between the forwarder as intermediary (traditional) and the forwarder as principal.

Freight Forwarding Services are services of any kind relating to the carriage, consolidation, storage, handling, packing or distribution of the goods as well as ancillary and advisory services in connection therewith, including but not limited to customs and fiscal matters, declaring the goods for official purposes, procuring insurance of the goods and collecting or procuring payment or documents relating to the goods.

(see FIATA Model Rules for Freight Forwarders)

The legal position of a Freight Forwarder

In most countries there is no special licensing for freight forwarders required.

The legal position of a forwarder is regulated in many countries by:

Civil code - defines the general liability of everyone to compensate for damages.

Trade code - defines the general legal position of a freight forwarder and his duties.

General trading conditions for freight forwarders (as contractual law) – are binding only if referred to in contracts and specify rights and duties of the contractual parties and limit the liability of a forwarder.

There are two different legal positions of a freight forwarder possible depending on the scope of his activities as including:

- Acting as an **Intermediary** organizing the transport and ancillary services and choosing the carriers and service providers in its own name for and on account of the customer (= traditional freight forwarder) or
- Acting as **Principal** by undertaking in its own name and on its own account to secure the movement of goods from A to B for a customer but then entering into a series of contracts with performing carriers to fulfil the head contract.

When using different modes of transport he may act as a multimodal transport operator with his own means for transport and bought in transport.

The FIATA Model Rules for Freight Forwarding Services

General Trading Conditions for freight Forwarders are usually developed by National Freight Forwarder Associations. The FIATA Model Rules for Freight Forwarding Services form a sound international basis and can be adjusted to local national conditions.

FIATA Model Rules for Freight Forwarding Services

PART I. GENERAL PROVISIONS

1. Applicability

1.1. These Rules apply when they are incorporated, however this is made, in writing, orally or otherwise, into a contract by referring to the FIATA Rules for Freight Forwarding Services.

1.2. Whenever such reference is made, the parties agree that these Rules shall supersede any additional terms of the contract which are in conflict with these Rules, except insofar as they increase the responsibility or obligations of the Freight Forwarder.

2. Definitions

2.1. Freight Forwarding Services means services of any kind relating to the carriage, consolidation, storage, handling, packing or distribution of the Goods as well as ancillary and advisory services in connection therewith, including but not limited to customs and fiscal matters, declaring the Goods for official purposes, procuring insurance of the Goods and collecting or procuring payment or documents relating to the Goods.

2.2. Freight Forwarder means the person concluding a contract of Freight Forwarding Services with a Customer.

2.3. Carrier means any person actually performing the carriage of the Goods with his own means of transport (performing Carrier) and any person subject to carrier liability as a result of an express or implied undertaking to assume such liability (contracting Carrier).

2.4. Customer means any person having rights or obligations under the contract of Freight Forwarding Services concluded with a Freight Forwarder or as a result of his activity in connection with such services.

2.5. Goods means any property including live animals as well as containers, pallets or similar articles of transport or packaging not supplied by the Freight Forwarder.

2.6. SDR means a Special Drawing Right as defined by the International Monetary Fund.

2.7. Mandatory Law means any statutory law the provisions of which cannot be departed from by contractual stipulations to the detriment of the Customer.

2.8. In writing includes telegram, telex, telefax or any recording by electronic means.

2.9. Valuables means bullion, coins, money, negotiable instruments, precious stones, jewellery, antiques, pictures, works of art and similar properties.

2.10. Dangerous Goods means Goods which are officially classified as hazardous as well as Goods which are or may become of a dangerous, inflammable, radioactive noxious or damaging nature.

3. Insurance

No insurance will be effected by the Freight Forwarder, except upon express instructions given in writing by the Customer. All insurances effected are subject to the usual exceptions and conditions of the Policies of the Insurance Company or Underwriters taking the risk. Unless otherwise agreed in writing the Freight Forwarder shall not be under any obligation to effect a separate insurance on each consignment, but may declare it on any open or general Policy held by the Freight Forwarder.

4. Hindrances

If at any time the Freight Forwarder's performance is or is likely to be affected by any hindrance or risk of any kind (including the conditions of the Goods) not arising from any fault or neglect of the Freight Forwarder and which cannot be avoided by the exercise of reasonable endeavours, the Freight Forwarder may abandon the carriage of the Goods under the respective contract and, where reasonably possible, make the Goods or any part of them available to the Customer at a place which the Freight Forwarder may deem safe and convenient, whereupon delivery shall be deemed to have been made, and the responsibility of the Freight Forwarder in respect of such Goods shall cease. In any event, the Freight Forwarder shall be entitled to the agreed remuneration under the contract and the Customer shall pay any additional costs resulting from the above-mentioned circumstances.

5. Method and route of transportation

The Freight Forwarder shall carry out his services according to the Customer's instructions as agreed. If the instructions are inaccurate or incomplete or not according to contract, the Freight Forwarder may at the risk and expense of the Customer act as he deems fit.

Unless otherwise agreed, the Freight Forwarder may without notice to the Customer arrange to carry the Goods on or under deck and choose or substitute the means, route and procedure to be followed in the handling, stowage, storage and transportation of the Goods.

PART II. THE FREIGHT FORWARDER'S LIABILITY

6. The Freight Forwarder's liability (except as principal)

6.1. Basis of liability

6.1.1. The Freight Forwarder's duty of care The Freight Forwarder is liable if he fails to exercise due diligence and take reasonable measures in the performance of the Freight Forwarding Services, in which case he, subject to Art. 8, shall compensate the Customer for loss of or damage to the Goods as well as for direct financial loss resulting from breach of his duty of care.

6.1.2. No liability for third parties

The Freight Forwarder is not liable for acts and omissions by third parties, such as, but not limited to, Carriers, warehousemen, stevedores, port authorities and other freight forwarders, unless he has failed to exercise due diligence in selecting, instructing or supervising such third parties.

7. The Freight Forwarder's liability as principal

7.1. The Freight Forwarder's liability as Carrier

The Freight Forwarder is subject to liability as principal not only when he actually performs the carriage himself by his own means of transport (performing Carrier), but also if, by issuing his own transport document or otherwise, he has made an express or implied undertaking to assume Carrier liability (contracting Carrier).

However, the Freight Forwarder shall not be deemed liable as Carrier if the Customer has received a transport document issued by a person other than the Freight Forwarder and does not within a reasonable time maintain that the Freight Forwarder is nevertheless liable as Carrier.

7.2. The Freight Forwarder's liability as principal for other services

With respect to services other than carriage of Goods such as, but not limited to, storage, handling, packing or distribution of the Goods, as well as ancillary services in connection therewith, the Freight Forwarder shall be liable as principal:

1. when such services have been performed by himself using his own facilities or employees or
2. if he has made an express or implied undertaking to assume liability as principal.

7.3. The basis of the Freight Forwarder's liability as principal

The Freight Forwarder as principal shall, subject to Art. 8, be responsible for the acts and omissions of third parties he has engaged for the performance of the contract of carriage or other services in the same manner as if such acts and omissions were his own and his rights and duties shall be subject to the provisions of the law applicable to the mode of transport or service concerned, as well as the additional conditions expressly agreed or, failing express agreement, by the usual conditions for such mode of transport or services.

8. Exclusions, assessment and monetary limits of liability

8.1. Exclusions

The Freight Forwarder shall in no event be liable for:

1. Valuables or Dangerous Goods unless declared to the Freight Forwarder at the time of the conclusion of the contract,
2. loss following from delay unless expressly agreed in writing,
3. indirect or consequential loss such as, but not limited to, loss of profit and loss of market.

8.2. Assessment of compensation

The value of the Goods shall be determined according to the current commodity exchange price or, if there is not such price, according to the current market price or, if there is no commodity exchange price or current market price, by reference to the normal value of the Goods of the same kind and quality.

8.3. Monetary limits

8.3.1. Loss of or damage to the Goods

The provisions of Art. 7.3. notwithstanding, the Freight Forwarder shall not be or become liable for any loss of or damage to the Goods in an amount exceeding the equivalent of 2 SDR per kilogram of gross weight of the Goods lost or damaged unless a larger amount is recovered from a person for whom the Freight Forwarder is responsible. If the Goods have not been delivered within ninety consecutive days after the date when the Goods ought to have been delivered, the claimant may, in the absence of evidence to the contrary, treat the Goods as lost.

8.3.2. Limitation of liability for delay

If the Freight Forwarder is liable in respect of loss following from delay, such liability shall be limited to an amount not exceeding the remuneration relating to the service giving rise to the delay.

8.3.3. Other type of loss

The provisions of Art. 7.3. notwithstanding, the Freight Forwarder's liability for any type of loss not mentioned in 8.3.1. and 8.3.2. shall not exceed the total amount of . . . SDR¹ for each incident unless a larger amount is received from a person for whom the Freight Forwarder is responsible.

9. Notice

9.1.

Unless notice of loss of or damage to the Goods, specifying the general nature of such loss or damage, is given in writing to the Freight Forwarder by the person entitled to receive the Goods when they are handed over to him, such handing over is prima facie evidence of the delivery of the Goods in good order and condition. Where such loss or damage is not apparent, the same prima facie effect shall apply if notice in writing is not given within 6 consecutive days after the day when the Goods were handed over to the person entitled to receive them.

9.2.

With respect to all other loss or damage, any claim by the Customer against the Freight Forwarder arising in respect of any service provided for the Customer or which the Freight Forwarder has undertaken to provide shall be made in writing and notified to the Freight Forwarder within 14 days of the date upon which the Customer became or should have become aware of any event or occurrence alleged to give rise to such claim. Any claim not made and notified as aforesaid shall be deemed to be waived and absolutely barred except where the Customer can show that it was impossible for him to comply with this time limit and that he has made the claim as soon as it was reasonably possible for him to do so.

10. Time bar

The Freight Forwarder shall, unless otherwise expressly agreed, be discharged of all liability under these Rules unless suit is brought within 9 months after the delivery of the Goods, or the

¹ The maximum liability amount is intentionally left open and has to be completed according to the situation in the country where the Model Rules are applied.

date when the Goods should have been delivered, or the date when failure to deliver the Goods would give the consignee the right to treat the Goods as lost.

With respect to other loss than loss of or damage to the Goods the 9 months period should be counted from the time when the failure of the Freight Forwarder giving right to the claim occurred.

11. Applicability to actions in tort

These Rules apply to all claims against the Freight Forwarder whether the claim be founded in contract or in tort.

12. Liability of servants and other persons

These Rules apply whenever any claim is made against a servant, agent or other person the Freight Forwarder engaged for the performance of the service (including any independent contractor) whether such claims are founded in contract or in tort, and the aggregate liability of the Freight Forwarder and such servants, agents or other persons shall not exceed the limit applicable to the service concerned as expressly agreed between the Freight Forwarder and the Customer or following from these Rules.

PART III. THE CUSTOMER'S OBLIGATIONS AND LIABILITY

13. Unforeseen circumstances

In the event that the Freight Forwarder, in case of unforeseen circumstances, acts in the best interest of the Customer extra costs and charges have to be borne by the Customer.

14. No set-off

All monies due shall be paid without any reduction or deferment on account of any claim, counter-claim or set-off.

15. General lien

The Freight Forwarder shall, to the extent permitted by the applicable law, have a general lien on the Goods and any documents relating thereto for any amount due at any time to the Freight Forwarder from the Customer including storage fees and the cost of recovering same, and may enforce such lien in any reasonable manner which he may think fit.

16. Information

The Customer shall be deemed to have guaranteed to the Freight Forwarder the accuracy, at the time the Goods were taken in charge by the Freight Forwarder, of all particulars relating to the general nature of the Goods, their marks, number, weight, volume and quantity and, if applicable, to the dangerous character of the Goods, as furnished by him or on his behalf.

17. Duty of indemnification

17.1. General duty of indemnification

Except to the extent that the Freight Forwarder is liable according to the provisions of Part II, the Customer shall indemnify the Freight Forwarder for all liability incurred in the performance of the Freight Forwarding Services.

17.2. Duty of indemnification in respect of General Average

The Customer shall indemnify the Freight Forwarder in respect of any claims of a General Average nature which may be made on him and shall provide such security as may be required by the Freight Forwarder in this connection.

18. The Customer's liability

The Customer shall be liable to the Freight Forwarder for all loss or damage, costs, expenses and official charges resulting from the Customer's inaccurate or incomplete information or instructions or the handing over by the Customer or any person acting on his behalf to the Freight Forwarder, or to any other person to whom the Freight Forwarder may become liable, of Goods having caused death or personal injury, damage to property, environmental damage or any other type of loss.

PART IV. DISPUTES AND MANDATORY LAW

19. Jurisdiction and applicable law

Unless otherwise agreed, actions against the Freight Forwarder may be instituted only in the place where the Freight Forwarder has his principal place of business and shall be decided according to the law of the country of that place.

20. Mandatory Law

These Rules shall only take effect to the extent that they are not contrary to the mandatory provisions of international conventions or national law applicable to the Freight Forwarding Services.

Exercise:

Read the FIATA Model Rules for Freight Forwarding Services carefully.

Test Questions (1.1.2.):

1. *What are the FIATA Model Rules for Freight Forwarding Services? Please indicate Right / Wrong.*
 - a) An international UN Convention on Freight Forwarding. Wrong
 - b) A Model Regulation to be taken into national law. Wrong
 - c) A Model for National Freight Forwarding Associations Standard Conditions for Freight Forwarders. Right
 - d) A Model for General Trading Conditions of a Forwarder. Right

2. *What is regulated by the FIATA Model Rules for Freight Forwarding Services? Please indicate Right / Wrong.*
 - a) The national licensing scheme for freight forwarders. wrong
 - b) Definition of a Freight Forwarder. right
 - c) Liability of a Freight Forwarder as an agent. wrong
 - d) Liability of a Freight Forwarder (except as principal). right
 - e) Liability of a Freight Forwarder as carrier. right
 - f) Liability of the Freight Forwarder as principal for other services. right
 - g) Liability of Customs Authorities. wrong
 - h) The Customer's liability. right

1.1.3 Required Expertise of a Freight Forwarder

Learning objective:

The student should understand the dynamic and complex field of required expertise of a freight forwarder.

Freight forwarding is all about the smooth flow of international trade. The freight forwarder is the party who ensures that internationally traded goods move from point of origin to point of destination and arrive at the right place, at the right time, in good order and condition, at the most economic cost. To accomplish this, expertise is required in a number of different areas:

Logistics

Close co-operation is required with transporters in every mode – road, rail, sea and air. Freight forwarders are constantly negotiating freight rates with transport providers, comparing the costs of moving cargo along different routes via different modes and then designing logistics infrastructures which provide the best compromise between cost, speed and reliability. Those involved in this aspect derive continuous interest and motivation from the fact that no two operations are the same, given the diversity of the nature of cargoes that are traded and the increasing numbers of doors being opened through the globalisation of world trade. Once a forwarder's recommendations with regard to cargo routing have been accepted it becomes the responsibility of the forwarder to ensure that the goods concerned are transported and delivered as planned. The process of designing and executing these logistics plans has earned the forwarder the title of "Architect of Transport".

Statutory compliance

A vital ingredient to successful trading on world markets is that every transaction must comply with a myriad of statutory measures and their related procedures, especially those associated with Customs. It is in this area that the specialised skills and knowledge of the freight forwarder come to the fore. Without these, international traders would become hampered through being distracted from their core activities and meeting the material needs of world business.

Risk Management

To every international trade transaction there is an element of risk and the increased complexity of international trading as compared to local buying and selling requires that these risks are managed with tools which are correspondingly more sophisticated. International traders require that their forwarders be in a position to advise and assist them in minimising those risks which are particularly associated with the movement of goods – loss, damage and destruction, although the exposure of forwarders to the international environment in its entirety makes their counsel in regards to these matters like credit and currency risks very much sought after.

Finance and Payment

Forwarders are entrusted with goods, which are very often dispatched under conditions where buyer and seller are not known to one another. Under these circumstances the forwarder must scrupulously ensure that all requirements of the door to door operation are complied with to the letter, especially as far as the accurate and timely production of documentation is concerned – excellence in this field leads to prompt settlement for goods purchased and satisfied traders. An especially gratifying aspect of freight forwarding is the facilitation, through consultancy and networking, of the entry of new exporters and importers into the international market. More often than not this involves advice as to the alternative methods of financing of the transactions concerned and the establishment of payment methods that are mutually beneficial to both parties.

Cross functional integration

Business in the 21st century will be characterised by an important feature—the way in which suppliers, manufacturers and consumers are being drawn closer and closer together so that, for example, a six pack of Heineken beer purchased in a store in downtown Wichita, Kansas will provide instant input to the Heineken brewery in Holland for the next production to run, the next raw materials purchase order and the next sales forecast. The forwarder is ideally placed to act as the catalyst to maximise the benefits from advances in information technology which are revolutionising these processes. Furthermore the role of the forwarder will be key because, in adopting cross functional integration strategies, companies are increasingly outsourcing their non core activities. The ability to ensure the efficient and effective door to door movement of goods from country to country from the time an order is placed until finished goods are delivered to the final consumer places the freight forwarder in a position to make a unique contribution to the enhancement of value to the activities of exporters and importers.

Test questions (1.1.3):

1. Which expertise is required for a forwarder in which field? Please indicate.

Field	Expertise
Logistics	<ul style="list-style-type: none"> • Know How in all modes of transport • Know How in goods requirements • Know How in IT • Know How in Geography
Statutory Compliance	<ul style="list-style-type: none"> • Know How in Dangerous Goods • Know How in Export/Import Practice • Know How in Customs
Risk Management	<ul style="list-style-type: none"> • Know How and Advice on Risks • Advice on Exchange Rates • Advice on Traffic Hindrances
Finance and Payment	<ul style="list-style-type: none"> • Know How in Terms of Payment • Accuracy in all documentary and financial transactions • Ability to calculate and to quote
Cross Functional Integration	<ul style="list-style-type: none"> • Ability to ensure door-to-door movement • Supply Chain Management

1.2 International Trade

Learning Objectives:

Transport organization and transport documents depend on the requirements of the trade contract. As a basis for the forthcoming modules the student should understand the different possibilities for buyer and seller to conclude terms of delivery and terms of payment and their implications for the transport organization by the forwarder.

1.2.1 International Trade and Trade Contracts

Learning Objectives:

The student should understand the main risks in foreign trade and how to handle these risks. He/she should know the main items of a trade contract.

International trade can be riskier than trade within a country. Particularities of international trade which lead to risks are:

- Longer distances (result: less transparency, higher transport risks)
- Different currencies (result: exchange risks, money transfer limitations)

- Different cultures and languages (result: misunderstanding, misinterpretation)
- Different legal frameworks (result: risk of weak legal position)

In general the following **risks in foreign trade may occur**:

- Risk of non-acceptance
Risk for the seller that the buyer rejects the acceptance of goods
The reasons can be very different, e.g. bankruptcy, problems in performance or production, loss or damage during transport etc.
- Risk of payment
The seller faces the risk that he does not receive his payment for the goods delivered.
The reasons could be that the buyer is not willing or not able to pay, for instance if the goods do not meet the requirements of the buyer or if the market price for the goods delivered has been falling in the meantime.
- Risk of non-performance
Risk for the buyer that the seller does not fulfil the contract in terms of quantity or quality of the goods or concerning punctual delivery.
- Transport risks
Danger of loss or damage of the goods during transport or delays (relates to seller or buyer depending on the terms of delivery)
- Political risks
Risks of political interferences, e.g. withholding of financial transaction or of goods, strikes, war etc.

Risks can be handled through

- Risk prevention
e.g. market information before concluding the contract
- Risk bearing
through calculation a surcharge for bearing the risk
- Risk shifting
through off-loading the risk to the contractual party, a third party or to an insurance agent
- Risk division
between buyer and seller within the trade contract

Selected items of a trade contract and their relevance for freight forwarding

Items	Relevance for Freight Forwarder	Remarks
Name and address of buyer and seller	Who is consignor and who is consignee? Which countries are involved?	The country determines the export/import rules and documentation.
Description of goods	Determines cargo handling and transport mode, customs tariff	e.g. bulky goods or general cargo
Quantity of goods	Determines transport technology How to weigh or to count the goods?	e.g. full load or parcel load; heavy lift e.g. rail scale, crane scale, or ships draught expertise
Price	Customs tariff	
Terms of delivery	Determines who is responsible for the carriage as shipper and which transport document proves the delivery.	e.g. INCOTERMS
Terms of payment	Determines which transport document proves delivery and is decisive for payment.	e.g. documentary credit, cash against documents etc.
Applicable Law	Duties of the parties involved, Liabilities	

In International trade different documents are applied. For a full version please read Standard Trade Documents in Annex 1.

Test Questions (1.2.1):

1. *What are the main risks in foreign trade? Indicate Right / Wrong!*
 - a) Risk of payment. Right
 - b) Risk of weak legal position. Wrong
 - c) Risk of non-acceptance. Right
 - d) Risk of storm. Wrong
 - e) Risk of customs. Wrong
 - f) Transport Risk. Right
 - g) Risk of non-performance. Right

- h) How can you handle risks?*
- a) To inform the market after concluding the contract. Wrong
 - b) To divide the risk through transportation documents. Wrong
 - c) To calculate a risk surcharge. Right
 - d) To buy an insurance. Right
 - e) To formulate the risk division in a forwarding contract. Wrong

1.2.2 Terms of Delivery

Learning Objectives:

The student should be able to explain different responsibilities of seller and buyer according to the INCOTERMS 2000, at least for EX WORKS, FREE CARRIER, FOB, CIF, and DAF. He/she should be able to give examples of which transport documents are suitable to proof the delivery according to these terms.

The delivery of goods is agreed upon between seller and buyer. Though it could be done in a very individual manner it is usual to refer to standardized terms. This speeds up the whole process and increases the transparency and mutual understanding considerably. These so called **trade terms** are simply standard terms accepted in international trade as meaning a particular type of contract.

The most commonly used trade terms are the **INCOTERMS (= International Commercial Terms)**, which are a set of standard conditions for delivery which can be incorporated into the contract by the parties. The INCOTERMS have been prepared by the International Chamber of Commerce but do not apply unless they are expressly incorporated into the contract. They have no binding force of law. Other trade terms may be adopted by the parties but no other set of terms are as widely recognised as INCOTERMS.

Why are the INCOTERMS so important?

The fact that the buyer and seller are in different countries means that both will be subject to different legal systems and that the law which applies to the contract will be one of these, or the law of a third country if both parties agree. Which legal system applies depends to a large degree on the relative negotiating strengths of the parties. In any event, an applicable law must be included in the contract; failure to do so will create legal uncertainty in the interpretation and application of the contract. As the goods must be transported from one country to another, additional expenses will be incurred than would otherwise be the case if the contract was purely domestic. As a general rule, in an international trade transaction the difference in the price quoted for the goods in a domestic sale and that in the international sale will be due to these additional costs. In terms of transport costs, it will be necessary to pay for inland transport for delivery of the goods to the port of shipment, dock dues, freight forwarding charges and the cost of ocean transport.

In addition to pure transport costs, there will also be charges for customs duties (import and export), the costs for obtaining export or export licences, and charges for customs procedures. Again, due to the risks involved in sea ocean transportation, insurance cover may be required to cover the risk of destruction or damage during the voyage. Once the goods arrive at the port of destination, costs will be incurred to carry the goods from the vessel to the buyer's warehouse or place of business.

It is essential that both parties are aware of their respective responsibilities and liabilities for these charges when the sales contract is entered into. Obviously, where the seller undertakes to pay for some or all of these expenses, the amount which will eventually be charged on the invoice will be higher than if the goods were simply picked up at the seller's warehouse. Nevertheless, the liabilities of the parties for these expenses must be determined at the onset of the contract so that responsibility for breach of one of these duties can be apportioned. For example, if under the contract it is the seller's responsibility to insure the goods in transit, then failure to do so will render the seller liable in the event that the goods are not delivered in accordance with the contractual description. Responsibility for delivery of the goods is only one side of the sales contract; the other side is the obligation to make payment. Here, the seller may be reluctant to pay in advance in case the buyer is not creditworthy or will find fault with the goods for no valid reason and refuse to pay. Conversely, the buyer may not wish to part with the money for the goods unless he or she is sure that the goods of the contractual description will be delivered. Hence, payment in advance is only made in the situation where the level of trust between the parties is extremely high. Similarly, open account trade, where sales are credited to an account, are normally only used in three situations:












- a. where the buyer and seller have been dealing with each other over a prolonged period and have developed a relationship of absolute trust;
- b. where the buyer and seller are located in geographically proximate countries which allow domestic types of payment to be made; and
- c. where the buyer and seller are members of the same international organization. The alternative is to use documentary credits to make payment. The most common type of credit is a letter of credit which is simply an undertaking made by a bank, on behalf of the purchaser, to the seller that payment will be made on presentation of the necessary documents. So, a seller can present documents of title, such as an invoice, a bill of lading and an insurance document, to a bank in his country to obtain payment. The bank in the seller's country, then passes them on to the buyer in exchange for the sum paid and a commission. The buyer uses the documents to collect the goods once they arrive in the port of destination.

By this means, the exposure of both the buyer and seller to non-delivery of the goods or non-payment of the price is minimised. The bank will not pay the seller unless the documents of title confirm that the goods conform to those of the contract. The seller can be assured of payment for the goods before they come under the control of the buyer. In practice, this is considered to be a reasonable apportionment of risks for non-payment and non-delivery. As we can see from the above, it is the element of distance that causes much of the inconvenience in international sales transactions. Furthermore, there is even a certain degree of flexibility built into many of these mechanisms to cater to the interests of both the buyer and the seller.

What are the INCOTERMS?

The ICC has introduced thirteen (13) terms of delivery which reflect upon the degree of liability of both the seller and the buyer and also accommodate the various means available for the carriage of cargo to be effected. The latest edition of these terms is the INCOTERMS 2000, which basically include the following:

EXW	Ex Works	Any mode of transport
FCA	Free Carrier	Any mode of transport
FAS	Free Alongside Ship	Sea Transport
FOB	Free On Board	Any mode of transport
CFR	Cost and Freight	Sea Transport
CIF	Cost, Insurance and Freight	Sea Transport
CPT	Carriage Paid To	Any mode of transport
CIP	Carriage and Insurance Paid To	Any mode of transport
DAF	Delivered At Frontier	Any mode of transport
DES	Delivered Ex Ship	Sea Transport
DEQ	Delivered Ex Quay	Sea Transport
DDU	Delivered Duty Unpaid	Any mode of transport
DDP	Delivered Duty Paid	Any mode of transport

INCOTERMS 2000												
		Seller	Waggon	Carrier	Airport	Quai	Ship (port of sailing)	Ship (port of destination)	Quai	Airport	Border	Buyer
EXW	Ex works	Red										
FCA	Free carrier	Red	Red									
FAS	Free along-side ship	Red	Red	Red								
FOB	Free on board	Red	Red	Red	Red							
CFR	Cost and freight	Red	Red	Red	Red	Red						
CIF	Cost, insurance, freight	Red	Red	Red	Red	Red	Red					
CPT	Delivered, carriage paid	Red	Red	Red	Red	Red	Red	Red	Red			
CIP	Carriage insurance paid	Red	Red	Red	Red	Red	Red	Red	Red	Red		
DAF	Delivered at frontier	Red	Red	Red	Red	Red	Red	Red	Red	Red		
DES	Ex ship	Red	Red	Red	Red	Red	Red	Red	Red	Red		
DEQ	Ex quai	Red	Red	Red	Red	Red	Red	Red	Red	Red		
DDU	Delivered, duty unpaid	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	
DDP	Delivered, duty paid	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red

Red line = danger, risk to

Blue line = costs to

See a detailed description of the INCOTERMS in the INCOTERMS 2000 which has been included as Annex 4.

Which INCOTERMS are suitable for multimodal transport, especially in containers?

Note that when using loading units at the point of transfer the risk between seller and buyer should be a point where an interface inspection is physically possible, e.g. when loading or unloading the container. So FOB or CIF clauses are not very suitable, because there the point of risk transfer is the railing of the ship. The distinct location of damage of the cargo inside the container is almost impossible. So it is better to use EXW, FCR, DDU or DDP.

Exercise:

Please indicate the appropriate transport documents which may prove the sellers delivery according to the following INCOTERMS!

INCOTERMS clause	Example	Relevant Transport document (Example)
EXW	Ex Works Metal Plant 47 Almaty	<ul style="list-style-type: none"> Forwarders Certificate of Receipt ex-metal plant 47 Almaty Copy of CMR waybill loading station metal plant 47 Almaty
FCR	Free Carrier Bishkek	<ul style="list-style-type: none"> Forwarders Certificate of Receipt Document of Company "Kyrgyzforward"
FOB	Free on Board St.Petersburg	<ul style="list-style-type: none"> Mates Receipt of M/S "Sturmovsky 3", loading port St.Petersburg
CIF	Costs, Insurance and Freight St.Petersburg	<ul style="list-style-type: none"> Bill Of Lading M/S "Sturmovsky 3" loading port Hamburg, destination port St.Petersburg

Test Questions (1.2.2):

1. Please indicate which abbreviation (e.g. EXW) belongs to the relevant term in the chart

EXW	Ex Works	Any mode of transport
FCA	Free Carrier	Any mode of transport
DES	Delivered Ex Ship	Sea Transport
CFR	Cost and Freight	Sea Transport
FAS	Free Alongside Ship	Sea Transport
CPT	Carriage Paid To	Any mode of transport
CIP	Carriage and Insurance Paid To	Any mode of transport
DAF	Delivered At Frontier	Any mode of transport
DDU	Delivered Duty Unpaid	Any mode of transport
DEQ	Delivered Ex Quay	Sea Transport
FOB	Free On Board	Any mode of transport
DDP	Delivered Duty Paid	Any mode of transport
CIF	Cost, Insurance and Freight	Sea Transport

2. Which transport documents should be used for which INCOTERMS?

INCOTERMS clause	Relevant Transport document
EXW	<ul style="list-style-type: none"> • Forwarders Certificate of Receipt ex-works • Copy of CMR waybill loading station
FCR	<ul style="list-style-type: none"> • Forwarders Certificate of Receipt Document
FOB	<ul style="list-style-type: none"> • Mates Receipt
CIF	<ul style="list-style-type: none"> • Bill Of Lading

3. Which INCOTERMS would you recommend to your customer (e.g. buyer of goods) if he wishes to buy goods packed in a container?

(right / wrong)

- a) EXW right
- b) FCR right
- c) FOB wrong
- d) DDU right
- e) DDP right
- f) CIF wrong

1.2.3 Terms of Payment

Learning Objectives:

The student should know the most important terms of payment in general. He/she should have in depth understanding of the uniform customs and credits of documentary credit. He/she should understand the interrelation between terms of delivery and terms of payment.

Payment for goods traded internationally can be arranged in a number of ways. Terms and methods of payment should be stipulated in the contract. The methods looked at below are the most widely used.

Open account terms

The seller dispatches the goods to the buyer and sends an invoice at the same time. Any documents of title are also sent to the buyer.

The seller loses control of the goods when he dispatches them and trusts the buyer to pay.

These are the least secure terms for the seller. For the buyer is it the most advantageous mode of payment, because he has a possibility to receive and inspect the goods before making any payments.

Payment in advance

The seller sends an invoice to the buyer. After the buyer makes the payment for his goods, the seller dispatches the goods to the buyer.

The seller loses control of the goods after the payment and the shipping of the goods.

It is the most secure terms for the seller.

Documentary collections

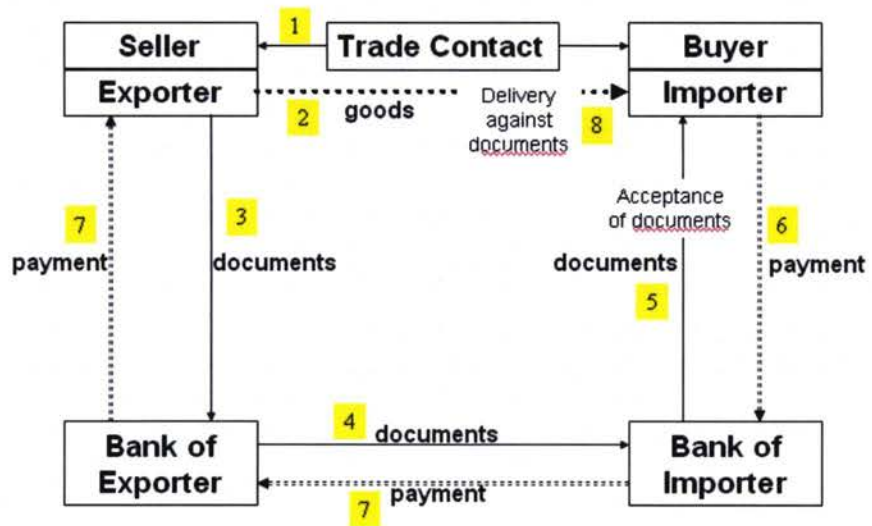
The seller dispatches goods directly.

Documents of title are given to the seller's bank which sends them to the buyer's bank through the banking system.

According to the accompanying instructions the buyer's bank will only hand over the documents of title to the buyer against payment or acceptance of a bill of exchange.

The seller retains control of the goods until payment is made or a legally binding undertaking to pay is given.

Collections, and their administration by banks are subject to the International Chamber of Commerce Uniform Rules for Collections, URC 522 (<http://www.iccwbo.org>). For international transactions it is important that you understand these rules. You should be able to obtain a copy from your bank, the Chamber of Commerce or the Ministry of Trade.



Documentary credit

A (conditional) guarantee of payment from the buyer's bank.

The buyer authorizes his bank to issue a documentary credit.

The buyer's bank passes on details to a bank in the seller's country which advises the seller of the existence of a credit.

The seller ships the goods, obtains the documents required under the credit.

The seller presents the documents through the banking system and is paid.

Documentary credits are governed by the International Chamber of Commerce Uniform Customs and Practice for Documentary Credits UCP 500 (these can be found at <http://www.iccwbo.org/id533/index.html>).

For full overview about documentary credits please read Documentary Credit.pdf

Test Questions (1.2.3):

1. *Indicate Right / Wrong:*

A Georgian importer has ordered 1,200 tons of sheet steel from India via the port of Chennai to the Georgian port of Poti. The delivery was CIF Poti. The payment was agreed upon via a documentary credit. The Indian exporter presented a Bill of Lading signed by the shipping line which proved the loading of the consignment at the port of Chennai with full quantity and in due time. But the B/L had the remark: "Sheets partly rusted". The Letter of credit does not mention anything about rust.

Which option does the corresponding bank in India have to handle the credit?

Please cross the correct answer(s):

- To pay under reserve. Right
- To reject payment and to present the B/L to the importer and to proceed after his acceptance of documents. Right
- To pay because this is a minor damage. Wrong
- To pay because nothing was mentioned about rust in the Letter of Credit. Wrong

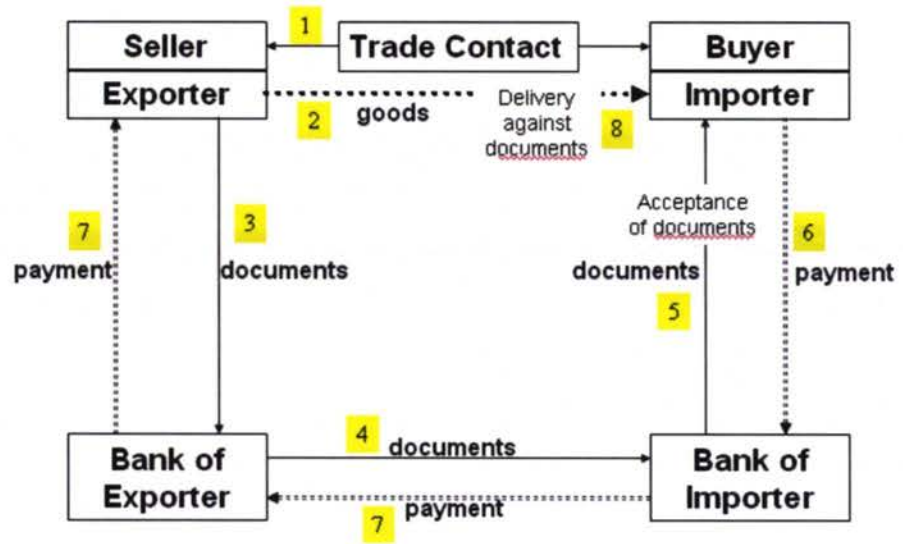
2. *What could be an appropriate transport document for payment in case of the following delivery terms. Please indicate the relevant transport documents. (Please indicate)*

Delivery Term	Transport Document
FOB-export	Mates receipt
CIF-export	Bill of Lading
EXW-export	Forwarders certificate of Receipt, Copy of Railway bill

3. *Please assess the risk of seller and buyer (low or high): Please indicate*

Method of payment	Risk by Seller	Risk by Buyer
Open account terms	high	low
Payment in advance	low	high
Documentary Collections	low	low
Documentary Credit	low	low

4. *Please give the steps (1 – 8) of process of documentary collection in sequence by numbers:*



1.3 International Organizations in Forwarding and Trade

Learning objective:

The student should have an overview of the main international organizations related to international trade and transport. He/she should know their main purposes and should be able to give examples of their work results.

1.3.1 UNCTAD (United Nations Conference on Trade and Development)

The goal of UNCTAD's programmes on International Trade is to promote the development of developing countries through international trade; provide support for their participation in international trade negotiations; strengthen service-sector capacities in developing countries; promote the integration of trade, environment and development; analyse issues related to competition law, policy and development; and seek to enhance the contribution of the commodity sector to development through diversification and risk management

1.3.2 ICC (International Chamber of Commerce)

ICC activities cover a broad spectrum, from arbitration and dispute resolution to making the case for open trade and the market economy system, business self-regulation, fighting corruption or combating commercial crime. ICC has direct access to national governments all over the world through its national committees. The organization's Paris-based

international secretariat feeds business views into intergovernmental organizations on issues that directly affect business operations.

- Arbitration under the rules of the ICC International Court of Arbitration is on the increase. Since 1999, the Court has received new cases at a rate of more than 500 a year.
- ICC's Uniform Customs and Practice for Documentary Credits (UCP 500) are the rules that banks apply to finance billions of dollars worth of world trade every year.
- ICC INCOTERMS are standard international trade definitions used every day in countless thousands of contracts. ICC model contracts make life easier for small companies that cannot afford big legal departments.
- ICC is a pioneer in business self-regulation of e-commerce. ICC codes in advertising and marketing are frequently reflected in national legislation and the codes of professional associations.

1.3.3 WCO (World Customs Organization)

The WCO is an independent intergovernmental body whose mission is to enhance the effectiveness and efficiency of Customs Administrations. It is the competent global intergovernmental organization in Customs' matters.

1.3.4 WTO (World Trade Organization)

The World Trade Organization is the only global international organization dealing with the rules of trade between nations. At its heart are the WTO agreements, negotiated and signed by the bulk of the world's trading nations and ratified in their parliaments. The goal is to help producers of goods and services, exporters, and importers conduct their business.

1.3.5 World Bank

The World Bank is a vital source of financial and technical assistance to developing countries around the world. It is made up of two unique development institutions owned by 184 member countries—the International Bank for Reconstruction and Development (IBRD) and the International Development Association (IDA). Each institution plays a different but supportive role in the mission of global poverty reduction and the improvement of living standards. The IBRD focuses on middle income and creditworthy poor countries, while IDA focuses on the poorest countries in the world. Together they provide low-interest loans, interest-free credit and

grants to developing countries for education, health, infrastructure, communications and many other purposes.

1.3.6 ISO (International Organisation for Standardisation)

ISO is a network of the national standards institutes of 156 countries, on the basis of one member per country, with a Central Secretariat in Geneva, Switzerland, that coordinates the system. It is a non-governmental organization: its members are not, as is the case in the United Nations system, delegations of national governments. Nevertheless, ISO occupies a special position between the public and private sectors. This is because, on the one hand, many of its member institutes are part of the governmental structure of their countries, or are mandated by their government. On the other hand, other members have their roots uniquely in the private sector, having been set up by national partnerships of industry associations. Therefore, ISO is able to act as a bridging organization in which a consensus can be reached on solutions that meet both the requirements of business and the broader needs of society, such as the needs of stakeholder groups like consumers and users.

1.3.7 FIATA (International Federation of Freight Forwarders Associations)

It is a non-governmental organisation and represents today an industry covering approximately 40,000 forwarding and logistics firms, also known as the "Architects of Transport", employing around 8 - 10 million people in 150 countries. FIATA has consultative status with the Economic and Social Council (ECOSOC) of the United Nations (inter alia ECE, ESCAP, ESCWA), the United Nations Conference on Trade and Development (UNCTAD), and the UN Commission on International Trade Law (UNCITRAL). It is recognised as representing the freight forwarding industry by many other governmental organisations, governmental authorities, private international organisations in the fields of transport such as the International Chamber of Commerce (ICC), the International Air Transport Association (IATA), the International Union of Railways (UIC), the International Road Transport Union (IRU), the World Customs Organization (WCO), the World Trade Organization (WTO) etc. In summary FIATA is the largest non-governmental organisation in the fields of transportation. FIATA has created several documents and forms to establish a uniform standard for use by freight forwarders worldwide. The documents are easily distinguishable as each has a distinctive colour and carries the FIATA logo.

- FCR (Forwarders Certificate of Receipt)
- FIATA FCT (Forwarders Certificate of Transport)
- FWR (FIATA Warehouse Receipt)
- FBL (negotiable FIATA Multimodal Transport Bill of Lading)
- FWB (non-negotiable FIATA Multimodal Transport Waybill)
- FIATA SDT (Shippers Declaration for the Transport of Dangerous Goods)
- FIATA SIC (Shippers Intermodal Weight Certificate)
- FFI (FIATA Forwarding Instructions)

These documents have an excellent reputation and are recognised as documents of tradition and trust. They have greatly contributed in the past to the facilitation of international exchanges and will continue in the future to be valuable instruments in the service of the world.

Test Questions (1.3): Please indicate

Please attach the relevant organization to the activities:

Organization	Move	Activity	Fix
UNCTAD		Gives guidance for developing countries, especially in trade and development	
ICC		Publishes the INCOTERMS	
World bank		Provides low-interest loans	
WTO		Establishes rules for trade facilitation	
WCO		Promotes the efficiency of customs organizations	
FIATA		Supports Freight Forwarder Associations	
ISO		Sets international standards	

1.4 Organization of the Forwarding Company

Learning Objectives:

The student should be able to explain the general types of forwarders and the principle structure of a forwarding company. He/she should be able to explain the main components of a forwarding process and should understand the criterions for choosing a mode of transport.

1.4.1 Organisation of a forwarding company

Learning Objective:

The student should understand different types of forwarders

There are different types of forwarding companies ranging from universal forwarders to highly specialized companies. There is also the tendency to

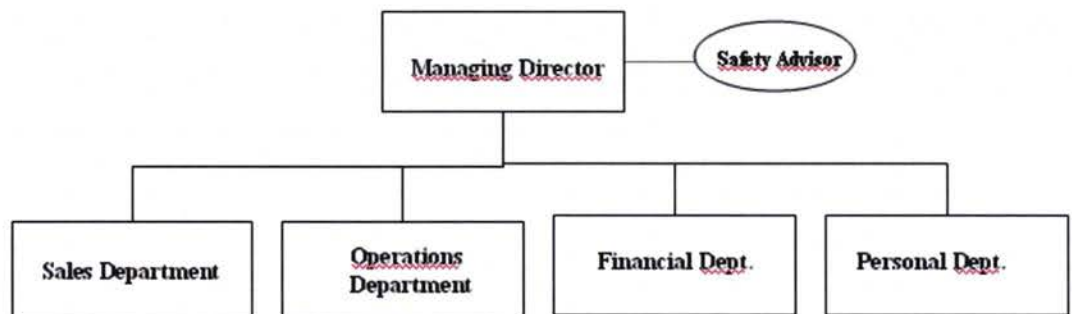
integrate more value adding activities alongside the supply chain and to develop from traditional forwarding to logistics service providers.

Types of companies are for example:

Type of company	Detail	Example
System provider	Network provider for courier, parcel and express services	DHL, UPS, FedEx
International universal forwarder	Comprehensive Service in: Airfreight Sea freight Railway International Road Haulage	Militzer&Münch Kühne&Nagel Schenker Sojuzvneshtans
Specialised Forwarder	Specialised on Modes or Goods: e.g. Railway, Tank, Road etc.	Sheldorgexpedicia (Rail) Harms (Cars) Hoyer (Tank)
Customs Agent	Customs Clearance
Warehousing	General Cargo Warehouse, Refrigerated Warehouses etc.	Unistore
Logistics Services	Specialisation on Customers / supply chains	Schnellecke (Volkswagen) Hermes (Catalogue Shops)

Please add examples from your country !

Because of the wide variety of forwarding companies there is no uniform structure of forwarding companies. Related to a universal forwarding company a typical company structure could be:



Test Questions (1.4.1):

1. Please choose the right type of company and move it to the corresponding description :

Please indicate:

Type of company Move	Description Fix
System provider	Network provider for courier, parcel and express services
International universal forwarder	Comprehensive Service in: Airfreight Sea freight Railway International Road Haulage
Specialised Forwarder	Specialised on Modes or Goods: e.g. Railway, Tank, Road etc.
Customs Agent	Customs Clearance
Warehousing	General Cargo Warehouse, Refrigerated Warehouses etc.
Logistics Services	Specialisation on Customers / supply chains

1.4.2 General Procedure**Learning objective:**

The student should understand the general forwarding procedure and pro and cons of the different transport modes.

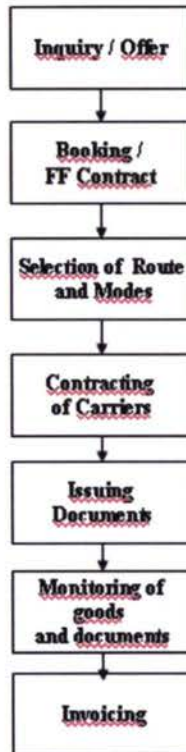
The legal statute of the freight forwarders permits them to have the choice of both the "way" and the "means". They control the organisation of the transport operation for which they have been solicited by their customer or contractor. Thus, they are confronted with a multitude of choices and decisions for which they have the complete responsibility. The freight forwarder has two principal choices:

- That of choosing the means of transport to be used in the transport operation which they are to organize,
- That of choosing competent and reliable transport providers so as to fulfil the contract which has been awarded them in the best manner possible and to defend the best interests of their customers.

Therefore, they must have full command of:

- The cargo handling techniques associated with each method of transport to be used,
- The legal framework of each method,
- The legal significance of the transport documents used.

The typical procedure of order processing within a freight forwarding company can be described as following:



The Factors To Be Considered Concerning The Means Of Transportation

In general, the factors entering into the choice of a means of transport revolve around the following three global factors:

- Factors linked to the efficiency of the method of transport: the nature of the goods transported and the capacity of the means of transport, the size of the shipments, transshipment with or without intermediate handling, empty trips etc.;
- Factors linked to cost: cost of the packing to be used, cost of transshipment, handling costs, transportation costs, insurance costs etc.;
- Factors linked to the quality of service: delivery times, speed, regularity, security, reliability, flexibility etc.

For more information about the factors influencing the choice of the transportation method please read Factors transportation choice.pdf.

The Trend Towards A Rationalisation Of Choice

Nowadays the choice of freight forwarder and that of the means of transportation to be used for the goods are guided by an ever-higher degree of rationality. Already far behind us are the days when:

- The choice of freight forwarder was the result of a well maintained set of personal relationships;
- The contracts between parties were of a long duration;
- Infrequency of decision making concerning a change in transportation method inevitably increased the consolidation of friendships and preferences;
- The lack of information or preconceived ideas concerning one or another method of transportation favoured unquestioning support of a certain form of transport as well as enforcing traditional decisions.

The choice of freight forwarder or method was frequently the renewal of a contract by tacit agreement and was above all a moral agreement linking the two partners to the operation through their mutual confidence in one another. Today's transport market appears to have no ambition other than that of the commercial and financial efficiency of the once needed and then supplied service. Incertitude is everywhere and the service providers sometimes have the impression that they are working in an "unfaithful" market where nothing is ever to be taken for granted. The departure point for this evolution was, of course, the arrival of global logistics techniques in both industry and mass marketing trade. Transport users have become true transport purchasing professionals. They understand that the solutions that they bring to their transport problems can contribute in a significant way to the global profitability of their companies, assuring both their competitiveness and improving their brand image. Despite this, other factors can disrupt the most rational of solutions. The transport market is one of the most regulated economic sectors, a fact that can sometimes limit the choice of method and freight forwarder. We can affirm that choice of transport method is possible only for a very small percentage of the total goods transport market. In fact, the characteristics of certain goods limit the choice of method (bulky or repetitive shipments, for example). Choice is even further limited as the number of variables increases. Thus, a transport operation must respect certain constraints:

- The characteristics of the goods: their dangerous or perishable nature, fragility, volume, stowage factor, value, etc.
- The place of departure, the transit points, and the place of destination: urban surroundings, insufficient port or airport infrastructures, etc.
- Delivery time limits: urgent or non-urgent shipments,
- Cost: considering the payment of the service provided with or without integrating qualitative aspects.

Common sense and professionalism will often lead two or more independent service providers to prefer transport solutions that are similar in many ways.

Freight Forwarders And Choice Of Transport Methods

The freight forwarders, whose skill and know-how in the field of design are uncontested, are sometimes confronted with partner-shippers who are tempted by the idea of renovation of their transport policy. They know that to maintain their lead in this area, they need to solve continuously more complex transport problems and develop continually more sophisticated integrated, made-to-measure service solutions. Thus, the choice of the type of transport service provider no longer is limited to the simple choice of the means of transport. They must decide upon a transport system among others, of which some are already a combination of several different means. It is a question for the freight forwarder to discourage their customers from contacting carriers directly, or in certain cases from carrying their products themselves (own-account).

For the principal characteristics of the different methods of transport please read characteristics of methods of transport.pdf

In the table there are summarised assets and drawbacks of different methods of transportation:

Method of Transportation	Pro	Contra
Road	<ul style="list-style-type: none"> - door-to-door-transportation without more costs - flexible prices - low cost per cargo of not bulky goods 	<ul style="list-style-type: none"> - arrival may vary - freight costs of bulky goods are progressive - using of public roads
Rail	<ul style="list-style-type: none"> - fixed tariffs - low transportation time - cargo compatible wagons - discharge of public roads - energy saving - environment friendly 	<ul style="list-style-type: none"> - limited rail network - low flexibility in pricing - prepayment from the customer before the (un-) loading
Sea	<ul style="list-style-type: none"> - fixed timetable worldwide - fixed arrival and departure - worldwide network 	<ul style="list-style-type: none"> - long transportation time - needs of solid packing - normally many handlings
Inland water ways	<ul style="list-style-type: none"> - the cheapest method of transportation for bulk cargo 	<ul style="list-style-type: none"> - long transportation-time - depends on the weather (climate)
Air	<ul style="list-style-type: none"> - very short 	<ul style="list-style-type: none"> - expensive method of

	<ul style="list-style-type: none"> - transportation-time - economy of costs of packing - little number of handlings by point-to-point-transportation 	<ul style="list-style-type: none"> - transportation - low maximum dimension of packages by transportation with passenger machines
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Test Questions (1.4.2)

1. Please attach the relevant method of transportation to the relevant pro and cons. Please indicate

Method of Transportation Move	Pro Fix	Contra Fix
Road	<ul style="list-style-type: none"> - door-to-door-transportation without more costs - flexible prices - low cost per cargo of not bulky goods 	<ul style="list-style-type: none"> - arrival may vary - freight costs of bulky goods are progressive - using of public roads
Rail	<ul style="list-style-type: none"> - fixed tariffs - low transportation time - cargo compatible wagons - discharge of public roads - energy saving - environment friendly 	<ul style="list-style-type: none"> - limited rail network - low flexibility in pricing - prepayment from the customer before the (un-) loading
Sea	<ul style="list-style-type: none"> - fixed timetable worldwide - fixed arrival and departure - worldwide network 	<ul style="list-style-type: none"> - long transportation time - needs of solid packing - normally many handlings
Inland water ways	<ul style="list-style-type: none"> - the cheapest method of transportation for bulk cargo 	<ul style="list-style-type: none"> - long transportation-time - depends on the weather (climate)
Air	<ul style="list-style-type: none"> - very short transportation-time - economy of costs of packing - little number of handlings by point-to-point-transportation 	<ul style="list-style-type: none"> - expensive method of transportation - low maximum dimension of packages by transportation with passenger machines

1.4.3 Quality Management System ISO 9001

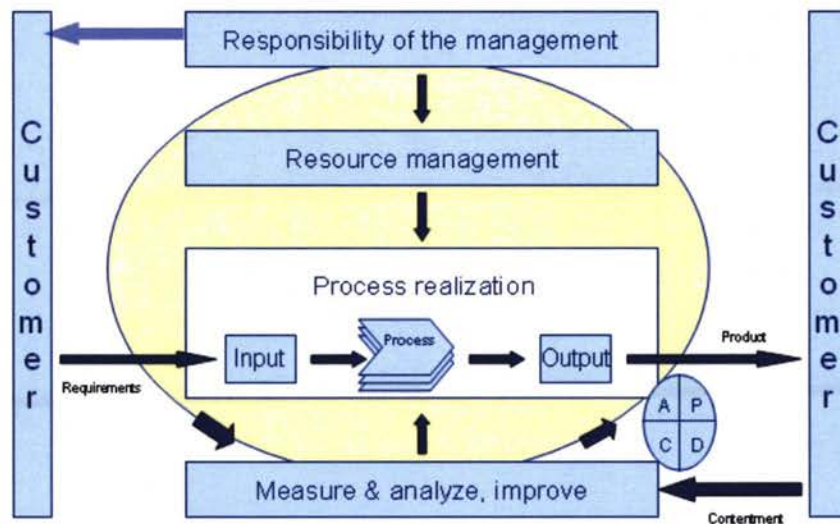
Learning Objective:

The student should understand the principles of a quality management system.

Quality Management is a part of business management that fixes the quality policy and the quality-relevant functions, responsibilities and competences in the company and realizes them by

- quality planning, i.e. planning of quality parameters of the forwarding services (e.g. punctuality, availability etc.) and necessary means and procedures;
- quality control, i.e. managing the forwarding process (disposition etc.);
- quality inspection, i.e. checking the quality at relevant interfaces and points in the process (damage free etc.)
- quality improvement; i.e. systematic analysis of failures and development of improvement measures, within the scope of a Quality Management System.

Model of a process orientated QM-System (ISO 9001:2000)



For more information about the quality management system please read <http://www.iso.org/iso/en/iso9000-14000/ims/ims.html>

Forwarders implement more and more quality management systems in order to improve the service quality, to meet customer needs and to reduce the costs for failures and double work.

Test Question (1.4.3):

Please decide right / wrong:

- a) The Quality Management System includes a quality policy and important procedures of the forwarding company. Right
- b) Quality inspection means the inspection of the forwarders trucks by police. Wrong
- c) ISO means International Standard Organization. Right
- d) ISO means Internal Structure Organization. Wrong

1.4.4 Environmental Management System ISO 14000

Learning Objective:

The student should have a general knowledge about environmental management systems.

The Environmental Management System is the management of humankind's interaction with and impact upon the environment. The need for environmental management can be viewed from a variety of perspectives.

Environmental management involves the management of all components of the bio-physical environment, both living (biotic) and non-living (abiotic). This is due to the interconnected and network of relationships amongst all living species and their habitats. The environment also involves the relationships of the human environment, such as the social, cultural and economic environment with the bio-physical environment.

The ISO 14000 standard is the most widely used standard for environmental risk management and is closely aligned to the European Eco Management & Audit Scheme (EMAS). As a common auditing standard, the ISO 19011 standard explains how to combine this with quality management.

For more information please read <http://www.iso.org/iso/en/prods-services/otherpubs/iso14000/benefits.pdf>

Test Question (1.4.4):

Please decide right / wrong:

- a) The Environmental Management System includes an environmental policy and responsibilities and tasks related to environmental protection and economic consumption of natural resources. Right
- b) If a company has got a QM-System it does not need an environmental management system. Wrong

1.5 Financial requirements

Learning Objective:

The student should have first insight into the bookkeeping and cost accounting. He/she should understand their differences, their objectives and selected methods in the forwarding company.

1.5.1 Accounting and Cost Accounting

Learning Objective:

The student should understand the requirements of solid bookkeeping and the process of quotations and invoicing. The student should understand the different cost accounting schemes. He/she should be able to explain marginal cost accounting in forwarding.

Accounting is the measurement, disclosure or provision of assurance of information that helps managers and other decision makers make resource allocation decisions. There are three types of accounting depending on the recipient of information:

Types of accounting	Outputs	Recipient of outputs
Financial accounting: <i>There are different rules in different countries.</i>	<ul style="list-style-type: none"> - Financial statements: <ul style="list-style-type: none"> - Income statement (please link to income statement.ppt) - economical result for the year - Balance sheet (please link to balance sheet.ppt) - situation (assets, equities and liabilities) of enterprise pre datum - Cash flow statement: (please link to Cash flow.ppt) makes transparency in forms of cash per diem 	<ul style="list-style-type: none"> - management - owners - interested parties - public authorities
Controlling	<ul style="list-style-type: none"> - Contribution margin accounting (Please link to CMA.ppt) summaries net sales, variable and fixed costs ordered by products. You can see how many profit (loss) you get from different products. 	<ul style="list-style-type: none"> - management

	- Cost Centre Accounting (Please link to Profit & Loss.ppt) summarises different costs ordered by cost centres in details.	
Tax <i>There are different rules in different countries.</i>	- Tax income statement gives information about your income tax liabilities for the tax authority.	- tax authorities

Invoicing

All types of accounting use different methods of documenting information. But all types of accounting use an invoice and a bank statement as primary documents for activities. A bank statement that you get from your bank indicates all account movements. An invoice is what you get when you purchase some products or services or what you have to give to the buyer when you sell some products or services.

You have to provide the following information on an invoice:

- complete name and address of seller and of buyer
- date of invoice
- date (if necessary time) of delivery and of payment
- consecutive number of the invoice
- breakdown of invoice total
- tax number and V.A.T. number of seller and of buyer

Financial Accounting

In the financial accounting, these source documents are then recorded in a journal, or a book of first entry. The journal records both sides of the transaction recorded by the source document. These write-ups are known as journal entries.

These journal entries are then transferred to a ledger, or a book of accounts. The purpose of a ledger is to bring all of the amounts recorded for that account from the journal together. This process of transferring the values is known as posting.

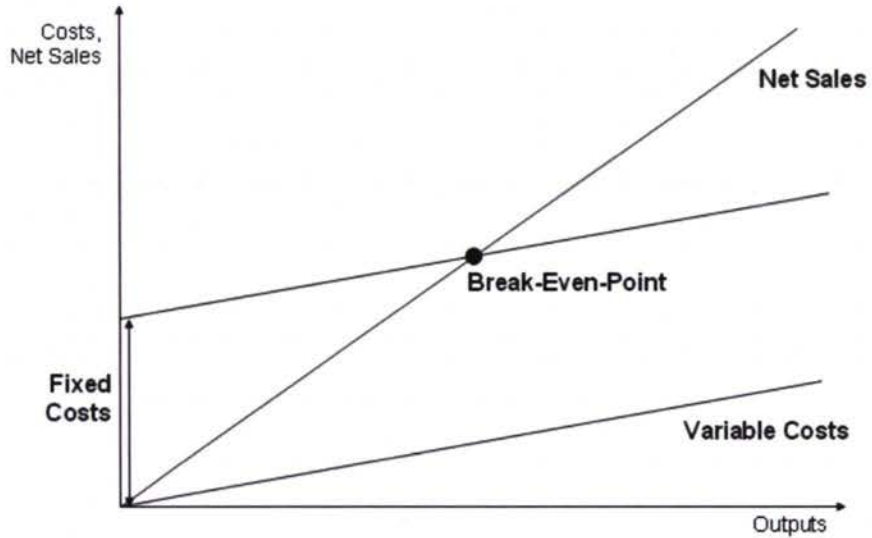
Once the entries have all been posted, the ledger accounts are added up in a process called balancing. A particular working document called an unadjusted trial balance is created. This lists all the balances from all the accounts in the ledger. Notice that the values are not posted to the trial balance, they are merely copied.

At this point accounting happens. The accountant produces a number of adjustments which make sure that the values comply with accounting principles. These values are then passed through the accounting system resulting in an adjusted trial balance. This process continues until the accountant is satisfied.

Cost Accounting

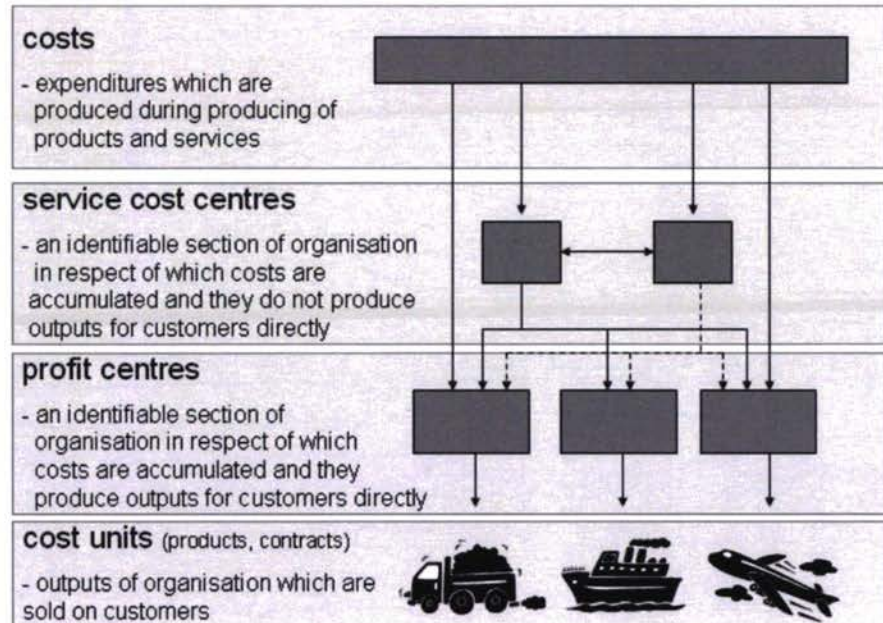
Based on the information from the financial accounting the cost accounting provides the opportunity to track, record and analyse costs associated with the activity of an organization. The costs are usually categorised into fixed or variable. Fixed costs are associated with the business administration, and do not change during quiet or busy times. Variable costs are associated with productive work, and naturally rise and fall with business activity. In the picture you can see coherence between net sales, fixed costs and variable costs. So you have to consider that you have to cover variable and fixed cost with net sales.

Break-Even-Point



Costs are produced in different positions. It is important to know which and how many costs are produced in “non-productive” areas. In the picture you can see main flows of costs from input to output of products.

Cost Accounting



Test questions (1.5.1):

1. Please insert the name of output statements for the following descriptions and recipients:

Outputs	Description	Recipient of outputs
Income statement	economical result for the year	- management - owners - interested parties - public authorities
Balance sheet	situation (assets, equities and liabilities) of organisation per diem	- management - owners - interested parties - public authorities
Cash flow statement	makes transparency in forms of cash per diem	- management - owners - interested parties - public authorities
Contribution margin accounting	summarises net sales, variable and fixed costs ordered by products. You can see how many profit (loss) you get from different products.	- Management
Cost Centre Accounting	summarises different costs ordered by cost centres in details.	- management
Tax income statement	gets information about your income tax liabilities for the tax authority.	- tax authorities

2. Which costs are the object of profit centre for regional transportation? (right / wrong)

- a) wages of drivers (right)
- b) salary of bookkeeper (wrong)
- c) costs of petrol for the car of the manager (wrong)
- d) costs of petrol for the truck (right)

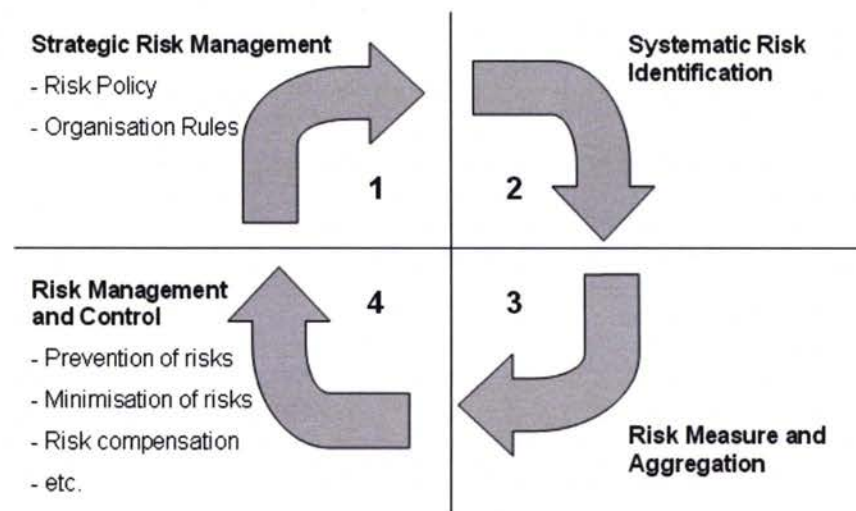
1.5.2 Risk Management

Learning Objective:

The student should understand the objective and the approach of risk management in the forwarding company.

Risk Management is the process of measuring and then developing strategies to manage the risk. In general, the strategies employed include transferring the risk to another party, avoiding the risk, reducing the negative effect of the risk, and accepting some or all of the consequences of a particular risk. Traditional risk management focuses on risks stemming from physical or legal causes (e.g. natural disasters or fires, accidents, death, and lawsuits). Financial risk management, on the other hand, focuses on risks that can be managed using traded financial instruments. Intangible risk management focuses on the risks associated with human capital, such as knowledge risk, relationship risk, and engagement-process risk. Risks can be eliminated or minimised, if organisations install a risk management system. In that risk management system risk can be identified, measured and prevented.

Processes in Risk Management



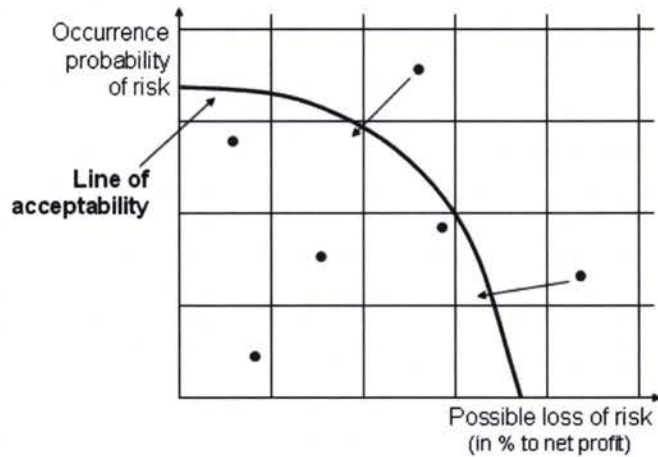
Strategic risk management defines main policy steps and the organisation of a system which have to eliminate risks. Identification of risks systematically collects important information about different risks. In praxis risks cannot often be isolated from each other.

System of Risks



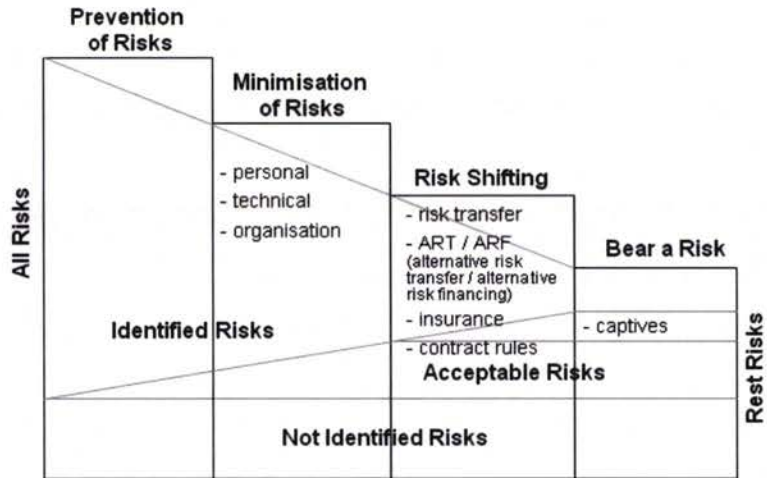
The identified risks can be measured by how dangerous they are for the organisation. The expected value of risk is the multiplication of probability of loss from risk and value of loss. Risks will be ranked.

Risk Portfolio



After the evaluation of risks, risks will then be positively changed. Minimisation of risk will be achieved through the reduction of occurrence probability or of possible losses.

Process of Risk Control



Test Questions (1.5.2):

1. Please decide right / wrong:

- a) The object of strategic risk management is the definition of risk policy and organisation rules (right)
- b) The object of strategic risk management is the definition of risk policy and prevention of failures (wrong)
- c) The risk management can identify all risks (wrong)
- d) Financial risk management focuses on risks that can be managed using financial instruments (right)
- e) An organisation with a risk management system does not have any non-identified risks (wrong)
- f) Well-defined contract rules and alternative risk financing transfers possible risks to other parties. (right)
- g) The personal and organisational risks can be minimised with a risk management system (right)

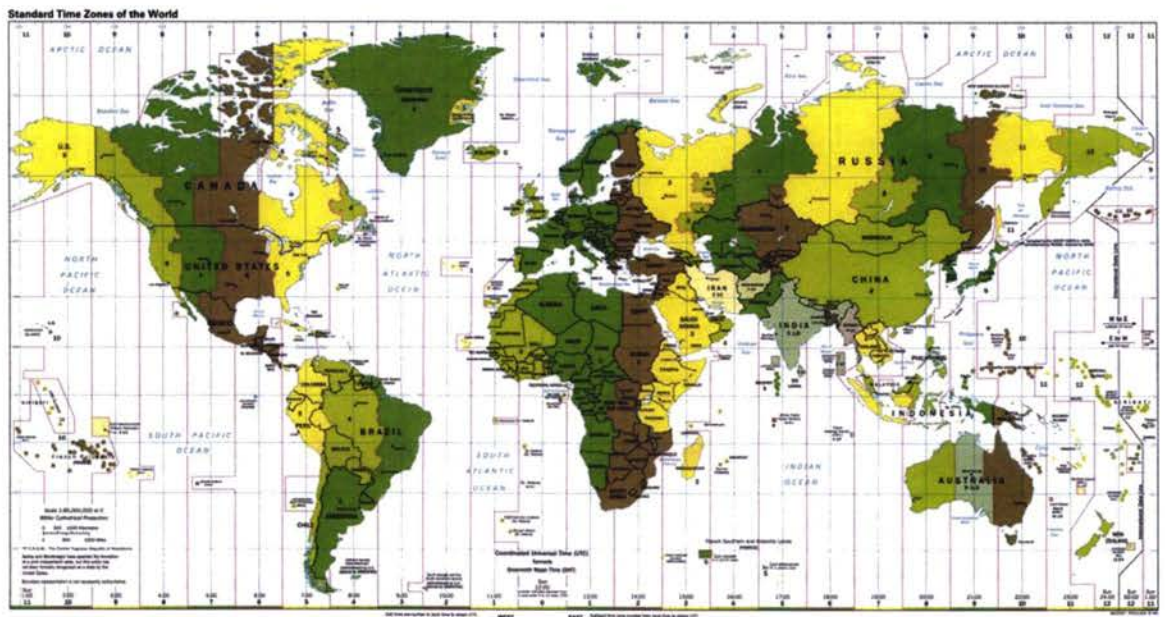
2. Which risks should be an object of risk management? (right / wrong)
- a) risk of insolvency of main customer (right)
 - b) cargo arrives 15 minutes later (wrong)
 - c) fire destroys the warehouse (right)
 - d) air pollution (wrong)
 - e) congestion of road traffic (wrong)
 - f) damage of goods (right)

1.6 Intercontinental Transport and General Knowledge of Transport Related Geography

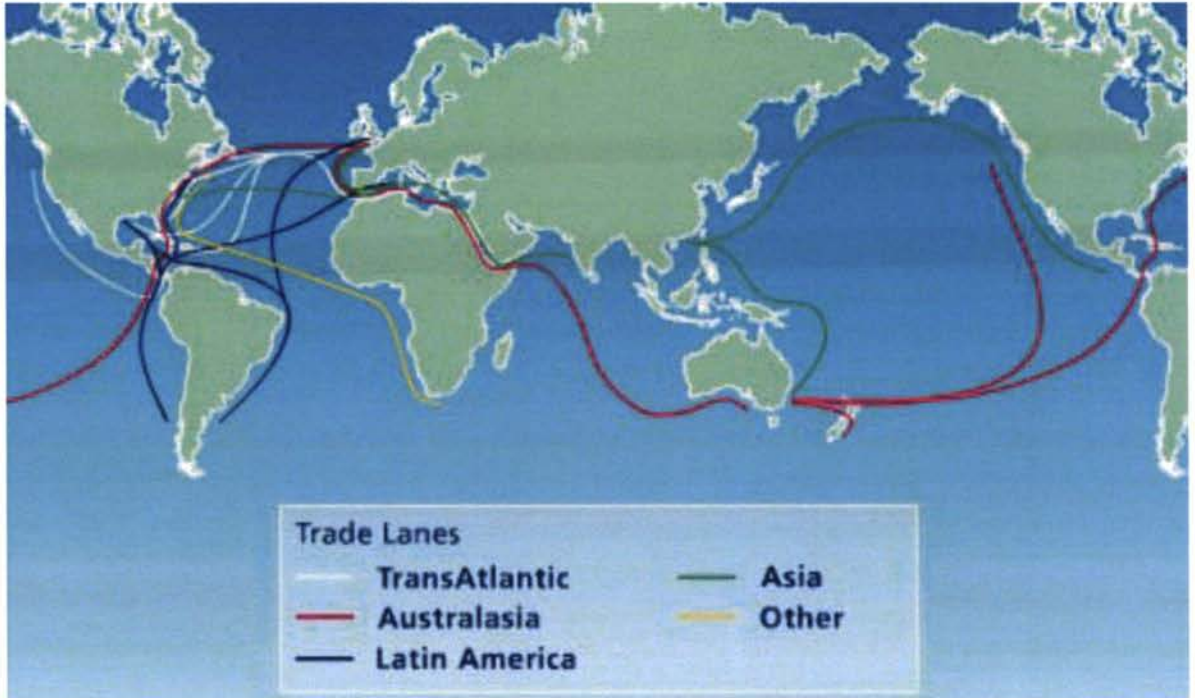
Learning Objectives:

The student should have a general knowledge about main routes in international transport. He/she should be able to explain examples of different routes and alternative chains.

Time Zones



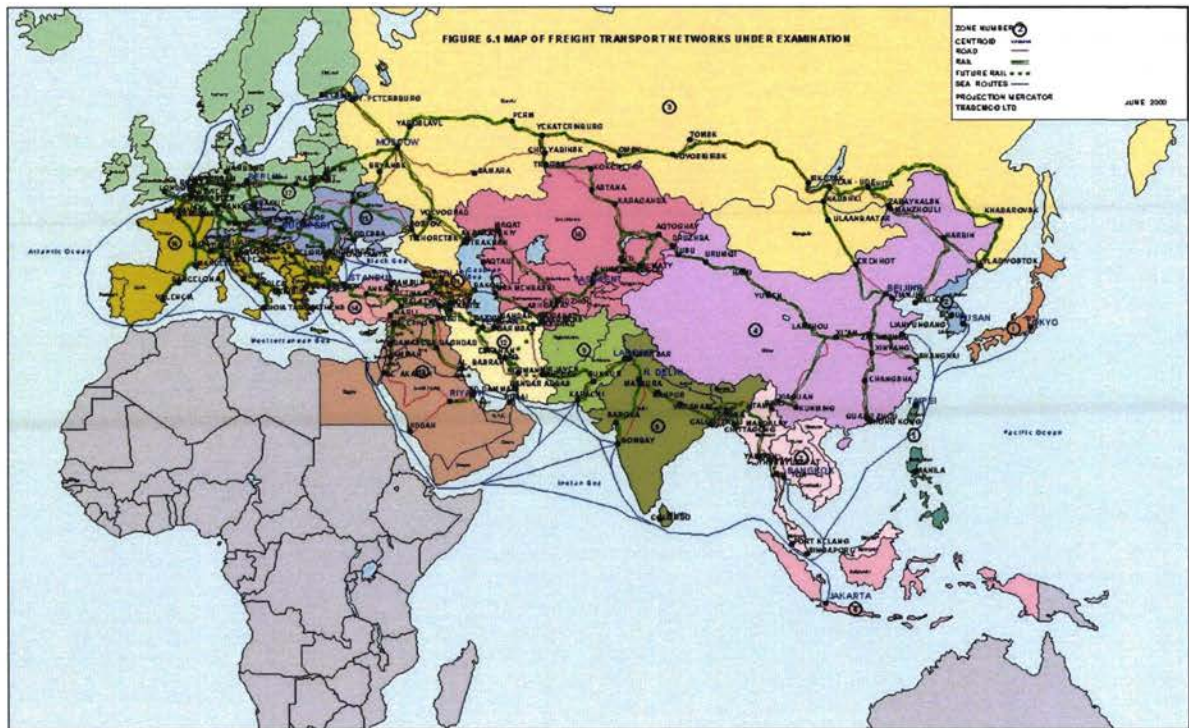
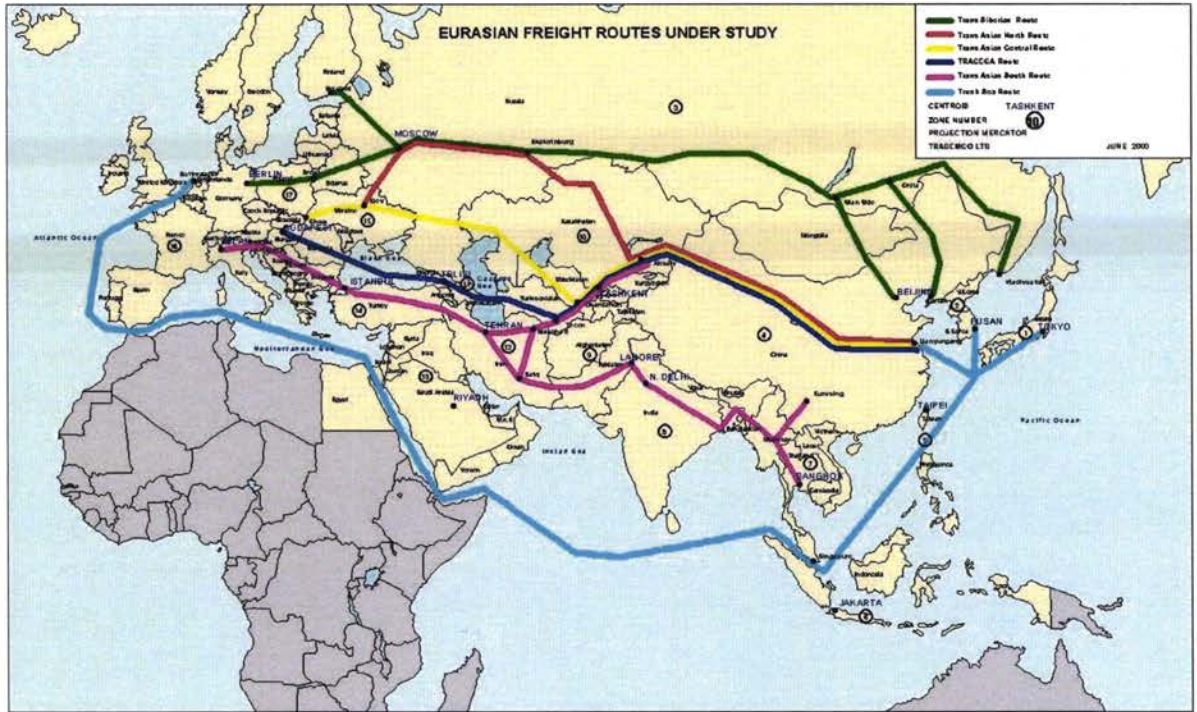
Main World Sea Traffic Ways



Main World Air Traffic Ways



Main Transport Corridors Europe - Asia





- **River-Shipping**

This technique consists of loading containers in an inland river port (Lyons, for example) and then unloading them in the port of destination (Tunis, for example). The vessels used have very little draught and possess retractable masts that allow them to sail under bridges.

- **The Sea-Air technique**

The forwarding company forwarding goods from Asia to Europe can choose the Air-Sea technique. This involves helping customers to take advantage of the best compromise between the factors of speed and cost:

- Time is saved during the air leg,
- Money is saved during the maritime leg.

This technique is situated therefore halfway between expensive all-air transport and slow all-maritime transport.

Example:

Linking Singapore and Antwerp with transshipment in Dubai.

The Singapore to Dubai leg by ship and the Dubai to Antwerp leg by plane. The fact is that the Dubai airport is located near the port facilitates sea-air technology.

Sea Transit time from Singapore to Antwerp:

Approximately 20 days

Sea Transit time from Singapore to Dubai:

Approximately 10 days

Air Transit time from Dubai to Antwerp: 1 day

The time saving is approximately 10 days. (See diagram below)

When the goods are covered by a commission contract, the freight forwarder responsible for the contract must not only control all technical and administrative operations but also fully understand the characteristics of the physical way that the goods will follow and the constraints that they can undergo. In order to make a choice, they should understand all of the different people that they might have to liaise with during the carrying out of the transport operation, be it road, sea, air or multimodal. We will deal with two specific types of physical ways: the first is situated on a continent and uses surface transport (road, rail, inland waterways), the second is situated in an intercontinental framework and uses the most common methods of transport (air, sea).

1st choice: all-air	Air leg (palletised freight) = expensive		
2nd choice: all-sea	Sea leg (containerised freight) = slow		
3rd choice: sea-air	Intermediate		
	Air leg	handling	Sea leg
	(palletised freight)		(containerised freight)
	= A compromise between cost and speed		

Test Questions (1.6.):

1. Please decide right / wrong:

- a) All sea transportation is the most expensive possibility of transportation (wrong)
- b) All air transportation is the most expensive possibility of transportation (right)
- c) Main stream of containers between Western Europe and Far East passes through the Panama Canal (wrong)
- d) Main stream of containers between Western Europe and Far East passes through the Suez Canal (right)
- e) For transportation of goods between Berlin and Shanghai it is possible to use the Trans Siberian Rail (right)
- f) For transportation of goods between Berlin and Shanghai it is reasonable to use the Canadian Land Bridge (wrong)

- g) The TRACECA transit corridor passes through Kazakhstan, Uzbekistan, Tajikistan, Kyrgyzstan, Turkmenistan, Russia, Georgia, Armenia and the Ukraine (wrong)
- h) The TRACECA transit corridor passes through Kazakhstan, Uzbekistan, Tajikistan, Kyrgyzstan, Turkmenistan, Georgia, Armenia, Azerbaijan, Moldova, the Ukraine, Turkey, Bulgaria and Romania (right)

1.7 FIATA documents and forms

Learning Objectives:

The student should know the different FIATA documents, their benefits and how to use them. He/she should be aware of the responsibility a freight forwarder takes over, when issuing bankable documents like the FBL and FCR.

1.7.1 FBL (FIATA Bill of Lading)

The FIATA Multimodal Transport Bill of Lading (FBL) is a carrier's document which was developed by the FIATA for the use of forwarding agents who are active as a Multimodal Transport Operator (MTO).

The FBL can also be issued as an ocean bill of lading.

The document is negotiable (transferable), provided that it is not stamped with the print "non-negotiable". It was accepted by the international chamber of commerce (ICC) as according to the UNCTAD/ICC Rules for Multimodal Transport Documents, which the ICC has published in their brochure No. 481. Therefore, the FBL also carries the symbol of the ICC together with the emblem of the national forwarding agent's federation.

Furthermore the Negotiable FIATA is listed as a Multimodal Transport Bill of Lading in the "Guide for Documentary Credit Operations for the Uniform Customs and Practice for Documentary Credits" (UPC 500) of the ICC (publication No. 515) as an accepted forwarding agent - transport document.

A forwarding agent who issues an FBL as a Multimodal Transport Operator (MTO) or sea carrier is responsible for the realisation of the transport. He takes over not only the responsibility for the delivery of the goods at the destination, but also the realisation of the entire transport even if it is subcontracted to other transportation companies and third involved parties by him.

With issuing the FBL the forwarding agent takes over a basic liability at the rate of SZR 666.67 per piece or packaging unit or SZR 2 per kilogram of

gross weight (what is usually higher) for lost or damaged goods (article 8.3 of the conditions of FBL) or if a multimodal transport encloses no sea or inland ship transport, at the rate of SZR 8.33 per kilogram of gross weight (article 8.5 of the conditions of FBL). Can a loss or damage during a multimodal transport be assigned to a certain partial leg of the chain, the liability of the forwarding agent is directed according to the national or international law to be applied to this partial leg (article 8.6a of the FBL terms).

With the issue of an FBL the forwarding agent must make sure, that:

- 1) he has taken over the consignment as described and that he is entitled to the sole right of disposal over the consignment;
- 2) the consignment is in an externally good state;
- 3) the data on the document with the given order correspond,
- 4) the question of the transport insurance with the sender was cleared;
- 5) expressly is declared whether one or several originals were issued.

The forwarding agents who issue FBL's must ensure their liability originating from it according to the regulations of the FBL.

For more information about FIATA bill of lading please read FBL_Standard_Conditions.doc (Annex 2)

Interactive Exercise FBL Solutions marked in brackets for Brainnovation only (please use for filling in formulary FIATA_BL.ppt).

The image shows a blue FIATA FBL (Full Bill of Lading) form. The form is annotated with red circles containing numbers 1 through 25, corresponding to the text in the exercise. The form includes fields for Consignor, Consignee, Place of receipt, Place of delivery, Description of goods, Gross weight, and Measurement. It also features a large 'FIATA' logo and the text 'specimen' diagonally across the center.

The Forwarding Company „Green Anchor Ltd.“ (25) receives the order from the battery producing and exporting company “VARCELL Ltd.” (1), to transport 1 case with nickel cadmium batteries (11) (gross weight 30 kgs (12), 0.095 cbm (13)) from the Varcell factory premises in Singapore, Ltd., 7600 Chai Chee Road (1). The freight shall be prepaid (16) to the forwarder. The total freight is 650 USD (20). The consignment shall be delivered to the premises of a German importer Meier & Co. in 14469 Potsdam, Industriestr. 3 in Germany (2). The consignment has the marks of Meier&Co, Potsdam, Germany Co.1/1 (9).

Because the exporter wants to be sure that he receives the payment he has agreed with the customer, the German importer will open a letter of credit. The payment will be done against presenting 1 original full negotiable bill of lading. Both parties have agreed that the delivery will be “Delivered to Meier&Co works, Potsdam, Duty unpaid”. →Cargo insurance not covered (19)

The forwarder transports this consignment as parcel load (LCL-cargo) within a parcel load container together with other parcel loads by the shipping company Maersk. From Maersk he will receive a B/L for the whole FCL-container. The container is already booked for ocean vessel M/S "Marianna" (5).

The consignment was taken over by the forwarder at Varcell works in Singapore (4). It was stuffed into the container in the Port of Singapore Container Freight Station P.S.A. C.F.S and will be offloaded (stripped) from the container in the port of Hamburg at the Container Freight Station. In Hamburg the freight forwarding office of "Green Anchor Ltd. Hamburg, Raboisen 15 (3)" will be informed when the consignment arrives so that they can take care of further delivery. Then the consignment will be transported by lorry to Potsdam, Meier&Co (8). The port of shipping is Singapore (6), the port of unloading Hamburg (7).

The Green Anchor Ltd. issues a FIATA Bill of Lading for this consignment. Because the company is based in Hamburg and it is a member of the German Association for Forwarders and Logistics Service Providers Bonn VSL (14) (FIATA member) she buys from the association an FBL-form with the registration number D-20064711 (10). This FBL is issued in 3 originals (18) and handed over to the shipper. Three (3) copies are issued. Unless only one original is necessary for the bank for safety reasons in case of loss 3 originals are issued.

The case with nickel cadmium batteries was received at the warehouse of Blue Anchor line in Singapore on May, 30th 2006 (17) Blue anchor line then issued the FBL, stamped and signed (21).

Please fill in the document according to the example! Use a dictionary if necessary!

1.7.2 FCR (Forwarders Certificate of Receipt)

The Forwarders Certificate of Receipt was introduced by FIATA for the use by international freight forwarders within the Organisation of FIATA. The FIATA FCR document enables the freight forwarder to provide the consignor with a special document as an official acknowledgement that he/she has assumed responsibility of the goods.

The FIATA FCR can be handed to the consignor immediately after the consignment has been received by the freight forwarder.

By completing the FIATA FCR the freight forwarder certifies that he/she is in possession of a specific consignment with irrevocable instructions for

despatch to the consignee shown in the document or to keep it at his disposal. These instructions may only be cancelled if the original FIATA FCR document is handed over to the issuing freight forwarder and only if he/she is in a position to comply with such a cancellation or alteration.

The FIATA FCR will primarily be used when the supplier sells the goods EX WORKS and needs to prove that he/she has complied with his/her obligations to the buyer by presenting a FIATA FCR. In the case of a Letter of Credit the seller will under such conditions be able to present a FIATA FCR issued by a forwarder in order to obtain payment of the sales price placed at his/her disposal by the buyer under the terms of the Letter of Credit. The seller can no longer dispose of goods handed over to the forwarder once the FIATA FCR document has been handed over to the buyer.

The FIATA FCR is non-negotiable. As the delivery of the consignment to the consignee does not depend on the handing over of this document, only one original is issued. Should further copies be required, then forms specially overprinted with the words "Copy non-negotiable" should be used.

When issuing a FIATA FCR, the freight forwarder should ensure:

- 1) that he/she or his/her agent (branch, intermediate freight forwarder) has taken over the consignment specified therein and that the right of disposal of the goods is vested solely in him/her;
- 2) that the goods appear to be in apparent good order and condition;
- 3) that the details on the document clearly correspond with the instructions he/she has received;
- 4) that the conditions of freight documents (B/L etc.) are not contrary to the obligations he/she has assumed according to the FIATA FCR document.

The FIATA FCR bears the general national freight forwarding conditions of the issuing country on the reverse side. The document may only be used by freight forwarders who adhere to these general conditions in their forwarding activities.

It is recommended that the freight forwarder covers his/her liability by insurance in accordance with the FIATA FCR requirements.

Please read for practical usage of the Forwarder Certificates of Receipt in the Ukraine in Forwarders Certificate of Receipt.pdf. (See annex 3)

Suppliers or Forwarders Principals		 FIATA FCR Forwarders Certificate of Receipt ORIGINAL Forw. Ref.	
Consignee		No. <input type="text"/> <small>Country Code</small>	
Marks and numbers	Number and kind of packages	Description of goods	Gross weight Measurement
			
according to the declaration of the consignor			
The goods and instructions are accepted and dealt with subject to the General Conditions printed overleaf			
We certify having assumed control of the above mentioned consignment in external apparent good order and condition		* Forwarding instructions can only be cancelled or altered if the original Certificate is surrendered to us, and then only provided we are still in a position to comply with such cancellation or alteration.	
<input type="checkbox"/> at the disposal of the consignee with irrevocable instructions* <input type="checkbox"/> to be forwarded to the consignee		Instructions authorizing disposal by a third party can only be cancelled or altered if the original Certificate of Receipt is surrendered to us, and then only provided we have not yet received instructions under the original authority.	
Remarks		Place and date of issue	
Instructions as to freight and charges		Stamp and signature	
		8	

1.7.3 FIATA FCT (Forwarders Certificate of Transport)

The Forwarders Certificate of Transport was introduced by FIATA for the use by international freight forwarders within the FIATA Organizations.

By issuing a FIATA FCT document to the consignor, the freight forwarder assumes the obligation to deliver the goods at the destination through the medium of an agent appointed by him/her. The FIATA FCT can be handed

over to the consignor immediately after the consignment has been handed over to the freight forwarder for shipment.

By issuing the FIATA FCT the freight forwarder certifies that he/she has assumed responsibility for dispatch and delivery of a specific consignment according to instructions he/she has received from the consignor as indicated in the document.

The freight forwarder is responsible for the delivery of the consignment at the destination through a delivery agent appointed by him/her to the holder of the document in accordance with the conditions stipulated on the reverse side of the FIATA FCT. The FIATA FCT has a "block" function.

The freight forwarder is only responsible for the forwarding and delivery of the goods. The FIATA FCT as distinguished from the FBL, is not a document subjecting the freight forwarder to a liability as carrier but his/her liability is governed by the applicable freight forwarding conditions.

When issuing the FIATA FCT document the freight forwarder should ensure:

- 1) that he/she or his/her agent (branch, intermediate freight forwarder) has taken over the consignment specified therein and that the right of disposal of the goods is vested solely in him/her;
- 2) that the goods appear to be in apparent good order and condition;
- 3) that the details on the document clearly correspond with the instructions he/she has received;
- 4) that conditions of freight documents (B/L etc.) are not contrary to the obligations he/she has assumed according to the FIATA FCT document;
- 5) that responsibility for the insurance of the consignment has been agreed;
- 6) that it is clearly specified whether one or more originals have been issued.

It is recommended to dispatch the FIATA FCT documents by registered post only.

The FIATA FCT is negotiable, as the delivery of the consignment may only be effected against presentation of the original document, duly endorsed.

The FIATA FCT bears the general national forwarding conditions of the issuing country on the reverse side. The document may only be used by freight forwarders who adhere to these general conditions in their forwarding activities.

The greatest possible care must be taken in the preparation of these documents as the particulars contained therein must reflect accurately the full details of the consignment, approval that a fee covering the preparation of the document by the issuing freight forwarder is therefore agreed and justified.

Suppliers or Forwarders Principals		 FIATA FCT No. <input type="text"/> <small>Emblem Code</small> Forwarders Certificate of Transport ORIGINAL Form Ref.		
Designated to order of				
Notify address				
Conveyance	from/via			
Destination				
Marks and numbers	Number and kind of packages	Description of goods	Gross weight	Measurement
 <p style="font-size: 2em; opacity: 0.5; transform: rotate(-15deg);">specimen</p>				
according to the declaration of the consignor The goods and instructions are accepted and dealt with subject to the General Conditions printed overleaf. Acceptance of this document or the invocation of rights arising therefrom acknowledges the validity of the following conditions, regulations and exceptions also of the trading conditions printed overleaf, except where the latter conflict with conditions 1-6 below. 1. The undersigned are authorized to enter into contracts with carriers and others involved in the execution of the transport subject to the latter's usual terms and conditions. 2. The undersigned do not act as Carriers but as Forwarders, in consequence they are only responsible for the careful selection of third parties, instructed by them, subject to the conditions of Clause 2 hereinafter. 3. The undersigned are responsible for delivery of the goods to the holder of this document through the intermediary of a delivery agent of their choice. They are not responsible for acts or omissions of Carriers involved in the execution of the transport or of other third parties. The undersigned Forwarders will, on request, assign their rights and claims against Carriers and other parties. 4. Insurance of the goods will only be effected upon explicit instructions in writing. 5. Unforeseen and/or unforeseeable circumstances entitle the undersigned to arrange for deviation from the envisaged route and/or method of transport. 6. Unforeseen and/or unforeseeable disbursements and charges are for the account of the goods. Insurance through the intermediary of the undersigned Forwarders <input type="checkbox"/> Not covered <input type="checkbox"/> Covered according to the attached Insurance Policy/Certificate All disputes shall be governed by the law and within the exclusive jurisdiction of the courts at the place of issue. For delivery of the goods please apply to: Freight and charges payable to: (to be for account of goods, lost or not lost.)				
		We, the Undersigned Forwarders in accordance with the instructions of our Principals, have taken charge of the abovementioned goods in good external condition at: for receipt and delivery as stated above or order against surrender of this document properly endorsed. In witness whereof the Undersigned Forwarders have signed originals of this FCT document, all of this tenor and date. When one of these has been accomplished, the others will lose their validity. Place and date of issue: Stamp and signature:		

1.7.4 FWR (FIATA Warehouse Receipt)

The freight forwarder often provides warehousing services. When doing so he/she has to issue a receipt for the merchandise.

The FWR is a Warehouse Receipt for use in freight forwarders' warehousing operations. It is a standard document mainly used at national level.

The FWR is not a "récépissé-warrant", which means a formal document recognised as warrant according to the applicable law. When a warehouse keeper is requested to issue a "récépissé-warrant", the FWR cannot be used. If the issue of a legally recognised document of this kind is not required, the FWR can be issued in almost all cases. Its commercial character is practically the same as that of a "récépissé-warrant". The FWR incorporates detailed provisions regarding the rights of the holders-by-endorsement of the document, the transfer of ownership, and the agreement that presentation of the warehouse receipt amounts to good delivery of the merchandise. For all practical purposes, such legal functions intended by the use of the FWR are recognized in most jurisdictions.

The FWR is not negotiable, unless it is marked "negotiable".

It must be decided individually in each country which standard trading conditions are to be applied to the FIATA warehouse receipt. In countries where forwarders use standard trading conditions which include also provisions regarding the activity of warehouse keepers, such standard conditions are to be applied.

Supplier		 Emblem of National Association	FWR FIATA WAREHOUSE RECEIPT No. <input type="text"/> ORIGINAL	
Debtor			Warehouse Keeper	
		Warehouse		
Identification of means of transport		Insurance: <input type="checkbox"/> Covered <input type="checkbox"/> not covered <input type="checkbox"/> Against fire <input type="checkbox"/> Against burglary/theft <input type="checkbox"/> Other risks covered (specify) Insurance amount: <input type="text"/>		
Marks and numbers	Number and kind of packages	Description of goods		Gross weight
Received in apparent good order and condition		<input type="checkbox"/> Stated by Debtor <input type="checkbox"/> Controlled by warehouse keeper		Gross weight
Description of merchandise (contents):		<input type="checkbox"/> Stated by Debtor <input type="checkbox"/> Controlled by warehouse keeper		<input type="checkbox"/> Stated by Debtor <input type="checkbox"/> Controlled by warehouse keeper
Warehousing is subject to standard business conditions, with reserve. As warehouse keepers we are liable to deliver the stored merchandise against presentation of this document only, and in case of cession of rights exclusively to the holder of this document being legitimated by an uninterrupted chain of transfers as outlined covered. We acknowledge that we can only lodge a complaint with the legitimate holder of this document if and when this refers to the validity of issue of said document and/or results therefrom. Our legal lien or right of retention will not be affected by this clause. In case of partial deliveries, warehouse receipt must be submitted for entering outgoing stock.				
		Place and date of issue		
		Stamp and signature		
16				

1.7.5 FWB (non-negotiable FIATA Multimodal Transport Waybill)

The non-negotiable FIATA Multimodal Transport Waybill is a non-negotiable sea waybill. The FWB should not be produced for delivery of goods.

Consignor		 FWB NON-NEGOTIABLE FIATA MULTIMODAL TRANSPORT WAYBILL <small>Issued subject to UNCTAD/ICC Rules for Multimodal Transport Documents (ICC Publication 481)</small>			
Consigned to					
Notify address					
Place of receipt					
Vessel	Port of loading				
Port of discharge	Place of delivery				
Marks and numbers	Number and kind of packages	Description of goods	Gross weight	Measurement	
					
according to the declaration of the consignor					
Declaration of interest of the consignor in timely delivery (Clause 7.2.) <input type="checkbox"/> <input type="checkbox"/> YES Final delivery date if agreed		Transfer of right of control to consignee (Clause 4.) <input type="checkbox"/> <input type="checkbox"/> YES		Declared value for ad valorem rate according to the declaration of the consignor (Clauses 8. and 9.) <input type="text"/>	
The goods and instructions are accepted and dealt with subject to the Standard Conditions printed overleaf. Taken in charge in apparent good order and condition, unless otherwise noted herein, at the place of receipt for transport and delivery to the consignee as mentioned above.					
Freight amount	Freight payable at	Place and date of issue	Stamp and signature		
Cargo insurance through the undersigned: <input type="checkbox"/> not covered <input type="checkbox"/> Covered according to attached Policy For delivery of goods please apply to:					

1.7.6 FIATA SDT (Shippers Declaration for the Transport of Dangerous Goods)

If a Freight Forwarder deals with the transport of dangerous goods he/she needs detailed information with regard to the classification of the goods according to

- ADR for the transport by road,
- RID for the transport by rail
- IMDG/IMCO for the transport by sea.

The classification is shown on the reverse side of the form.

The Shippers Declaration of the Transport of Dangerous goods, FIATA SDT, allows the freight forwarder to identify the goods and to clarify the question of responsibility in case of an accident or damage.

Therefore it is important that the FIATA SDT is not filled-in by the freight forwarder.

In each case the FIATA SDT must be completed and signed by the shipper and then handed over to the freight forwarder.

Shipper (Name & Address; Chargeur (Nom & Adresse))		Emblem of National Association		FIATA SDT No. _____ Date _____	
Consignee (Name & Address; Destinataire (Nom & Adresse))			Forwarder / Transitaire Ref. no. _____		
In accordance with the European Agreement concerning the international carriage of Dangerous Goods by Road (ADR) with Annexes A+B of 30.9.1957, or the International Regulations concerning the Carriage of Dangerous Goods by Rail (RID) as Annex I of the International Convention concerning the Carriage of Goods by Rail (CM) of 1.1.1977, or in accordance with Chapter VII – Carriage of Dangerous Goods – of the International Convention for the Safety of Life at Sea, 1980 (or 1974) supplemented by the provision of the IBCO International Maritime Dangerous Goods (IMDG) Code, 1965 as amended, or national official regulations when applicable giving the precise listing of relevant ADR/RID Class, and/or IMDG/IMCO Code, and/or Marginal Reference No., the undersigned, as principal of the forwarder remits to him together with the order of shipment of Dangerous Goods the following information:			Conformément à l'Accord européen relatif au transport international des marchandises dangereuses par route (ADR) et ses Annexes A+B du 30.9.1957 ou au Règlement international concernant le transport des marchandises dangereuses par chemin de fer (RID) et à l'Annexe I de la Convention internationale concernant le transport des marchandises dangereuses par chemin de fer (CM) du 1.1.1977, ou conformément au Chapitre VII – Transport de marchandises dangereuses – de la Convention internationale pour la sécurité des vies en mer, 1980 (ou 1974) complété par les dispositions du Code maritime international des marchandises dangereuses (IMDG) 1965, amendé, ou à l'OMI ou aux réglementations nationales officielles d'application dérivent la liste précise des classifications ADR/RID et/ou IMDG/OMI applicables, et/ou le No. de référence marginal, le soussigné, commettant du transitaire, lui remet en même temps que l'ordre d'expédition de marchandises dangereuses les renseignements suivants:		
Marks & Numbers, Number & Kind of Packages, Correct Technical Name of Substances, indicate ADR/RID Class, IMDG/IMCO Class, UN-No., Flashpoint (in °C), Marquages et Numéros, Nombre et Nature des colis, dénomination technique appropriée des substances indiquer la Classe ADR/RID, Classe IMDG/IMCO, n° d'ordre UN, Point Éclair (en °C)			Gross Weight (kg) Poids brut (kg) Net quantity Quantité nette (where required) (si y a lieu)		
Characteristics: Special information: is required for (a) dangerous goods in limited quantities, and (b) radioactive substances (class 7), in certain circumstances, (c) a weathering certificate, or (d) a Container/trailer packing certificate is required			Caractéristiques: Des renseignements supplémentaires sont nécessaires pour (a) des marchandises dangereuses en quantités limitées et (b) les substances radioactives (classe 7). Dans certains cas, (c) un certificat d'intempéries, ou (d) un certificat d'emballage pour conteneur/remorque est requis.		
ADR/RID and/or IMDG/IMCO Declaration The undersigned declares that goods to be shipped are authorized for transport by road according to ADR or by rail according to RID and/or transport by sea and that their nature, conditions, packing and labeling are in accordance with ADR/RID and/or IMDG/IMCO prescriptions. If several dangerous substances are packed together in a collective package or in a single container it is furthermore declared that the mixed packing is not prohibited (ADR/RID). Instructions in case of accidents <input type="checkbox"/> are joined <input type="checkbox"/> will be given The packages <input type="checkbox"/> have been labeled <input type="checkbox"/> are not labeled			Déclaration ADR/RID et/ou IMDG/OMI Le soussigné déclare que les marchandises à expédier sont admises au transport par route suivant l'ADR ou par fer suivant le RID et/ou par mer et que les conditions de leur nature, l'emballage et l'étiquetage sont en concordance avec les prescriptions de l'ADR/RID et/ou IMDG/OMI. Si plusieurs marchandises dangereuses sont emballées ensemble dans un colis collectif, ou dans un même conteneur, il est déclaré également que cela n'est pas prohibé (ADR/RID). Des consignes en prévision d'accidents <input type="checkbox"/> sont jointes <input type="checkbox"/> seront données Les colis <input type="checkbox"/> ont été étiquetés <input type="checkbox"/> n'ont pas été étiquetés		
Special remarks Remarques particulières			Place and date of issue Lieu et date d'émission		
26			Shipper's signature and stamp Scène et signature du chargeur		

1.7.7 FIATA SIC (Shippers Intermodal Weight Certificate)

The Shippers Intermodal Weight Certificate is an acknowledgment of the weight of the goods. It is very often used in the intermodal freight forwarding in the USA instead of the intermodal certificate. The FIATA SIC is up to the standards of the Intermodal Safe Container Act from the USA:

Name and address of certifying shipper		 FIATA SIC No. <input type="text"/>	
		Shippers Intermodal Weight Certification	
Marka and numbers	Number and kind of packages	Description of goods	Gross weight*

specimen

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Container or trailer number if applicable	<input type="text"/>
* packaging material including ice, pallets and dunnage, if not included above	<input type="text"/>
Actual gross cargo weight	<input type="text"/>
<p>The undersigned shipper herewith certifies that the gross weight of the goods listed herein is true and correct and includes all applicable packaging material, pallets and dunnage.</p> <p>(For shipments to or from the USA see notes overleaf)</p>	
Place and date of certification	<input type="text"/>
Stamp and signature of certifying shipper	<input type="text"/>

1.7.8 FFI (FIATA Forwarding Instructions)

Freight Forwarders mostly design and print their own forwarding instruction forms which have to be filled in by their clients. However, the instruction forms of the various freight forwarders are non-uniform.

FIATA therefore thought, that it would be advisable for Freight Forwarders to agree on a common layout and drafted the FIATA Model for Uniform Forwarding Instructions. The form is aligned to the UN layout key for trade documents, which aims at providing an international basis for the standardisation of documents used in international trade.

The form is designed to be used in the aligned series and to combine functions in sets of forms, of which integral parts serve various purposes in the procedures for cargo handling.

The member organisations of FIATA may adapt this instruction form to their national requirements, however, it is fundamental that such changes are made within the margin of the UN layout key.

FIATA recommends its national member organisations to adopt and to introduce this instruction form, as it is an important tool to improve professional standards and will serve to fasten the corporate identity of our trade.

- b) responsibility for the delivery of the goods at the destination only
wrong
- c) responsibility for the realisation of the transport of subcontractors
right

3. Which FIATA documents can be used as bankable documents? (right /wrong)

- a) FBL (right)
- b) SIC (wrong)
- c) FCT (wrong)
- d) FCR (right)

4. How can a forwarder receive the forms of the documents? (right / wrong)

- a) FIATA wrong
- b) National Freight Forwarding Organisation right
- c) Ministry of Justice wrong

1.8 Special Transport Services

Learning Objectives:

The student should understand the specifics of the consolidated deliveries, transport of heavy cargo, dangerous goods and foodstuffs.

Consolidated delivery	Delivery of cargos from different customers of one region with a short-time intermediate storage for consolidation and transportation in same direction within one uniform consolidated transport. This is more economical both for customer and for freight forwarder. Very often the forwarder can charge a minimum freight for each consignment on the one hand. On the other hand he books a full truck or wagon load for a lower freight.
Transport of heavy weight and out of gauge cargo	Heavy Lifts and out of gauge cargos are cargos of which the weight or dimensions exceed the usual capacities of transport equipment and infrastructure. They need a special planning, preparation, permission and special equipment and experience.
Dangerous goods	are substances which pose risk to health, safety, property or the environment during operation and/or transportation. They are divided into classes on the basis of the specific chemical characteristics producing the risk. Very often it is not allowed to co-load these dangerous goods with other goods.
Foodstuffs (liquid and	are substances that can be consumed by humans. By

solid)	transportation of foodstuffs you need to observe hygienic standards and foodstuff law.
Perishables	Perishables are goods which depend on specific environmental conditions (temperature, humidity). They need special transport equipment (e.g. temperature controlled container etc.) and therefore special attention.
Flowers and Plants	Are very sensitive goods and need time and temperature controlled transport (e.g. by plane).
Livestock	Is also a very sensitive cargo and needs special transport equipment and skilled personnel.

These goods should be transported by a freight forwarder who is specialised and experienced in these specific goods!

Test Questions (1.8):

1. Which cargos should be transported by specialised freight forwarders? (right / wrong)

- a) food (right)
- b) petrol (right)
- c) books (wrong)
- d) timber (wrong)
- e) post packages (right)

1.9 Packing Requirements

Learning Objectives:

The student should know the function of packages, and different markings.

1.9.1 Packaging

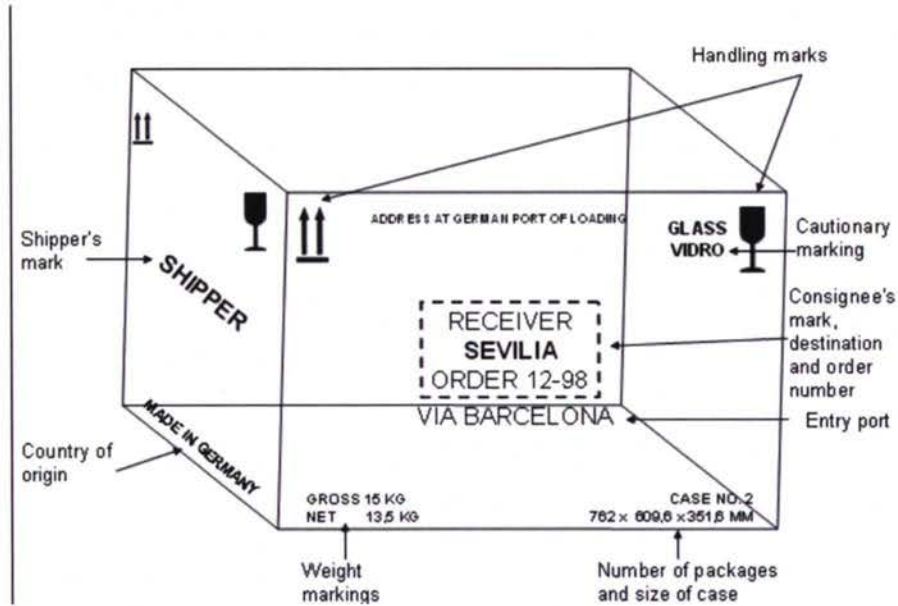
When shipping, it is vital that the merchandise is properly packed so it arrives in good condition. The package must be protected against breakage, moisture, theft, and kept to a minimum in weight and dimensions. All packages should be properly secured and filled with moisture-resistant material.

Packing has different functions: goods must be protected from the environment and vice versa and transported (loaded) to the receiver in good condition. The packages help communication with shippers and receivers.



1.9.2 Marking and Labelling













Correct marking of packages helps to prevent incorrect handling and delivery, accidents, losses of weight and volume and Customs fines.

Marking must be clear. Its colour should stand out clearly from that of the package. Where possible, black symbols on a white background should be used. Both when marking is applied directly onto the package and when adhesive labels are used, care must be taken to ensure that marking is applied in a legible and durable manner. All packages should have markings on three sides. You can see in the picture an example of the marking of a package.



All information and marks can be put into three groups:

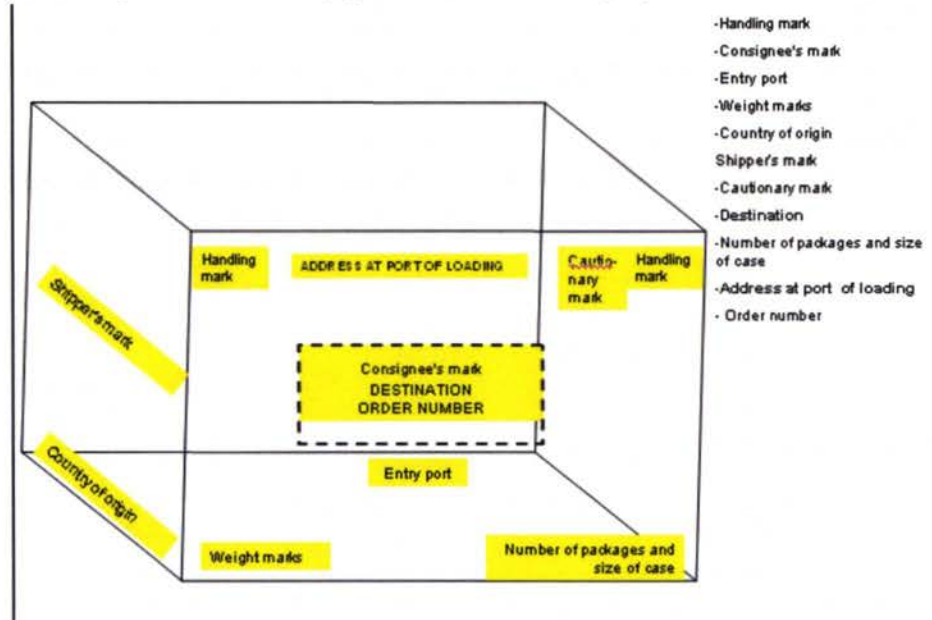
Shipping marks	Identification mark (e.g. shipper's or receiver's company name) Identification number (e.g. receiver's order number) Total number of items in the complete consignment Number of packages in the consignment Place and port of destination	
Information mark	Country of origin Indication of weight of package Dimensions of packages	
Handling marks (ISO R/780)		This side up
		Centre of gravity

	Use no hooks	
	Handle with care	
	Fragile, Handle with care	
	Keep dry	
	Keep away from heat (solar radiation)	
	Photographic Materials	
	Temperature limitations	
	Flammable	
	Acid	
	Sling here	
	Stacking limitation	
	Clamp here	

For an explanation of some of the handling marks you need to use cautionary marks that must be permanent and easy to read in the languages of both the origin and destination countries. It is recommended to use stencils for cautionary marking.





Test Questions (1.9):

1. Please fill in the markings from the list in the right places:



Please indicate:

Fix	Move
	Temperature limitations
	Centre of gravity
	Clamp here
	Keep away from heat (solar radiation)
	Photographic Materials
	Keep dry
	Flammable
	This side up

	Stacking limitation
	Use no hooks
	Sling here
	Fragile, Handle with care

Annex 1

Capacity Development for Senior Transport Sector Officials
Training Course Material



Standard Types of International Trade Documents.

This note sets out details and examples of a set of standardised international documentation that are aligned to the UN Layout Key. Previous TRACECA projects have identified the minimal change required in existing documents in order to comply with the proposed standardised documents and this paper clarifies the use to which these documents are put.

Standard documents in a uniform format using an international language help to facilitate the process of doing business between any 2 countries and by aligning documents between neighbouring countries to EU standards all delivered or transit goods are easily recognised and managed by the various trade and border agencies.

Documents used in international trade and transportation can be divided into four categories:

1. Documents required for official purposes
2. Those used for commercial (or trading) purposes
3. Those used for transportation purposes
4. Those used for banking and insurance purposes

Each of these categories is dealt with in turn setting out details of the individual documents within each category, the use to which the documents are put and far as it is appropriate, information on the underlying procedures.

These are all UN aligned documents, unless stated otherwise, though the emphasis is on the European Union (EU) systems as they represent an advanced model. EU documents will be automatically aligned with the UN standard. The documentation will therefore be accepted on an international basis, which is the most significant reason for change.

1. Official Documents

These are the key trade facilitation documents required by the official or governmental organisations in connection with the import, export or transit of goods within a country. They have been divided into primary or key documents and secondary or support documents.

1.1 Primary

Single Administrative Document (SAD)

There is a basic requirement for a documentation set covering declarations for import, export and transit. In 1988 the European Union introduced a single document set to cover all three of these activities known (in English) as the Single Administrative Document or SAD. It was introduced to replace a system that, at the time, required many different documents to be used that was found to be slow to operate and unreasonably complicated.

The SAD, in its EU configuration is an eight-part document with each part having a specific function as follows:

- | | |
|--------|---|
| Copy 1 | When used as part of an export declaration, this copy is only required for controlled goods. When used as part of a transit declaration, this copy is retained by Customs at the Office of Departure as evidence that the transit movement has commenced. |
| Copy 2 | The export declaration - used for statistical purposes |
| Copy 3 | The exporter's (or his agent's) copy of the declaration |
| Copy 4 | Used under the transit procedure and retained by the Customs Office of Destination. Indicates the Customs status of the goods (free circulation declaration) |
| Copy 5 | Used under the transit procedure and returned by the Customs Office of Destination to Customs in the country of departure to indicate that the goods have arrived and that the transit movement has been completed. |
| Copy 6 | The import declaration |

- 1 -

Copy 7 Used in the country of destination as a copy of the import declaration or transit declaration for statistical purposes

Copy 8 The importer's (or his agent's) copy of the import declaration. This may also be used for VAT purposes

In practice, the SAD is hardly ever used as a full 8-part set of forms but rather it is produced as individual sets for particular functions. Thus the following sets are used to meet the following functions:

Export set Copies 1 (if controlled goods), 2 and 3

Import set Copies 6,7 and 8

Full transit set Copies 1,3,4,5 and 7

Status set Copies 1 and 4 (certifies that goods are in free circulation in the EU but has no transit function)

It is possible to combine functions in a single set of forms. For example a set comprising copies 1,2,3,4,5 and 7 would constitute an export and transit declaration on a single set of forms.

Transit Advice Note (TAN)

The Transit Advice Note is used with the SAD in connection with transit cargo. It is lodged at the point of exit and point of entry to each country on the route. Its main function is to act as a control document to ensure that goods entering a country in transit leave intact or so that action can be taken to identify in which country the goods were lost.

TIR Carnet

The TIR system is based on the Customs Convention on the International Transport of Goods under cover of TIR Carnets (TIR Convention) 1975. This is a Convention of the United Nations Economic Commission for Europe (UN ECE) and is administered by the International Road Transport Union (IRU) based in Geneva, Switzerland.

When a country decides to accede to the Convention, it must send an official notification to the UN and then it automatically becomes a contracting party after six months. Having acceded, the contracting party must arrange a national guarantee scheme, normally by concluding a Deed of Guarantee between the Customs authorities and a guaranteeing association. This association must be acceptable to IRU in order to obtain TIR carnets. This includes being acceptable to IRU's insurers and having undergone an audit by the IRU Audit Commission.

The system is based on the concept of road vehicles travelling under Customs seal from the Customs office of departure to the Customs office of destination.

The seal number is recorded in the TIR carnet. The carnet consists of a book of removable vouchers with each voucher containing details of the consignment.

There are four sizes of TIR carnet in use with the choice depending upon the number of countries of transit involved. The sizes are 4 volet (pages), 6 volet, 14 volet and 20 volet. The carnets allow for use over two countries (countries of departure and destination only), three countries (country of departure, one transit country and country of destination), seven countries (country of departure, five transit countries and country of destination) and ten countries (country of departure, eight countries of transit and country of destination) respectively. The pages of the carnet are alternately white and green - white for the entry voucher and green for the exit voucher.

The country of departure removes one voucher from the carnet at the place at which the goods are placed under Customs control and a second voucher at the place of departure from the country. Each transit country removes one voucher from the carnet at the point of entry and one voucher at the point of exit. The country of destination removes a voucher at the point of entry and a final voucher at the Customs location at which the carnet is discharged.

Thus each country on the route, including the countries of departure and destination, has two vouchers, which can be collated at a central point to ensure that the goods have left the territory or have been properly cleared. When the pages are removed, a counterfoil remains which is stamped and completed by the Customs authority. This allows the company and ultimately the IRU to check that the goods passed through the expected Customs points and that the document has been properly discharged.

The holder of the carnet must provide a bank guarantee or surety to cover any duties should the movement of the goods not result in the proper discharge of the carnet. The holder of the carnet is primarily liable for any unpaid duties and taxes.

The holder must return used carnets to the issuing association no later than one week after the return of the vehicle to base. Unused TIR carnets must be returned immediately after expiry of the validity period. The TIR carnet has a validity period of 45 days for the three larger sizes and 20 days for the 4-violet document.

The goods have to be carried on a vehicle or in a container, which has been certified as being suitable for use under TIR. The basis of the certification test is that the vehicle should be capable of being sealed by Customs in such a way that, after sealing, goods cannot be introduced to it, removed from it or interfered with without either breaking the seal or leaving obvious signs of tampering. The vehicle approval certificate must be carried with the carnet.

IRU authorises (subject to contract and the meeting of detailed requirements) member associations in contracting countries to issue TIR carnets. In the event of irregularities, the associations guarantee payment of duties and taxes to the authorities concerned in relation to all carnets used on the territory of the country in which the association is based. The association is, in turn, indemnified by the IRU's pool of insurers. For most products, the limit of the guarantee is \$50,000 per carnet although special carnets with higher guarantees exist for certain products. Generally, due to fraud within the system, tobacco and spirits are excluded from movement under TIR.

TIR carnets for the movement of sensitive goods such as meat of any kind including livestock, milk, butter and sugar - can be purchased from the issuing associations once a higher guarantee has been provided by the user. At the present time, the European Union, Poland, Czech Republic, Hungary and Slovakia will not accept such sensitive goods under cover of TIR due to past fraud involving the misappropriation of these types of goods.

An increase in the incidence of the fraudulent use of TIR carnets in recent times has led to the IRU imposing strict conditions on the issuing associations which must be met before the associations are permitted to issue the documents to their members.

Regrettably, the TIR carnet is not of A4 size and is not aligned to the UN Layout Key. As a result it does not lend itself to reproduction in automated systems.

Certificate of Origin

This document is used to certify that goods meet the specified conditions for origin to be ascribed to a particular country or group of countries. It is often presented in support of claims for preferential rates of duties.

1.2 Secondary Documents

These are official documents required for the carriage of specific types of products - usually agricultural goods.

Common Veterinary Entry Document

This document is used for the declaration of animal products. It facilitates control of relevant cargoes by both veterinary and Customs authorities by providing evidence of veterinary tests and controls conducted in the country of origin.

Animal Route Plan

This document provides route details for the movement of live animals including planned stopping or transfer points. It ensures that the vehicle has followed a pre-agreed route with designated resting-places and that records are maintained of other incidences where animals have been rested. Such information is essential to veterinary authorities to minimise distress to the animals and the risk of cross infection into local animals.



Phytosanitary Certificate

This document is used to certify that plants and plant products comply with Phytosanitary regulations in the importing country. It is stamped by the appropriate authorities in the country of origin on the basis of information that they maintain on regulations in the country of import. It is mainly used as a method of pest control.

2. Commercial Documents

These documents are generally produced for commercial purposes and may also be required by Customs in order to support declarations. For example, the primary function of an invoice is to obtain payment from the recipient but it has a secondary function in that it is likely to be required to accompany an import entry in order for Customs to verify value and the tariff classification applied by the declarant.

However, it is probably not appropriate for authorities to seek to dictate the form such documents should take (although they might wish to specify minimum data requirements) but encouragement should be given to standardisation since there are advantages to all parties.

These documents are again divided into primary or key documents and secondary or support documents.

2.1 Primary Documents

Commercial Invoice

This document is produced by the seller requesting or confirming payment by the buyer. It is usually required to accompany import declarations in order to verify valuation for the calculation of charges, terms of delivery (normally using INCOTERMS) and tariff classification to ensure that the correct duty rate is applied and that any restrictions or prohibitions are enforced. In some locations, the invoice may also be required with export declarations for the purpose of verifying tariff classification. The number of copies of the invoice is a matter of commercial need, although it is often the case that the invoice set will also contain a despatch and a packing note and possibly also a set of Export Cargo Shipping Instructions.

Credit Note

This document is normally used by the seller to credit the buyer in respect of accidental overcharge, such as in the case of the delivery of damaged goods or in respect of short delivered goods. It may also be used to show commissions payable to a sales agent. There may be Customs implications that require the submission of a supplementary declaration.

2.2 Secondary Documents

The remaining documents described in this section do not normally have any official trade facilitation function. They may when viewed together with other documents form an important part of an audit (or control) trail for Customs when seeking to establish the truth and history of specific transactions or entitlement to claim relief of duty or other charges.

Pro Forma Invoice

The prospective seller issues this document to the prospective buyer. It may constitute a request for payment prior to the despatch of the goods or it may be asking the buyer to confirm that the goods listed in the document meet the buyer's requirements. It is issued prior to the production of the commercial invoice and does not have the legal status attached to the commercial invoice.

In many countries, the goods remain the property of the seller under the pro-forma invoice until the time at which they are paid for by the buyer or a commercial invoice is issued. The ownership or entitlement to the goods passes to the buyer on issuing of the commercial invoice. In the event of non-payment, any legal services relate to a debt recovery activity rather than a dispute over ownership of the goods.

Purchase Order

The buyer issues this document to the seller to confirm that he ordered the goods contained in the order. Many manufacturers or sellers will not produce or issue goods until they have confirmation in writing from the buyer in the form of a purchase order.

Acknowledgement of Order

The seller issues this document to the buyer. It is a confirmation by the manufacturer or seller that he has received an order from the buyer for certain goods and is often issued to confirm receipt of a purchase order.

Works Order

The seller or manufacturer issues this to the production facility specifying numbers and specifications of the goods to be produced. This enables the buyer to crosscheck that he is going to receive the goods he originally ordered. The works order is sometimes used in connection with Letters of Credit to release stage payments. This usually only occurs when a major purchase is being made which involves part payments during the manufacture of the product.

Collection/Delivery Order

The buyer or seller (depending on the terms of delivery) issues this document. It may also be used for the internal movement of goods within a company. The collection document is normally a written instruction to a transporter or forwarder to enable him to collect goods from the seller or his agent. The delivery document is an instruction to deliver the goods to the buyer from a designated pick-up point.

Despatch Advice

The sender issues this document to the buyer. It contains important information in relation to the despatch of the goods and indicates the distribution of consignment documentation to the parties involved. Essentially this document confirms that the goods have been sent, what was dispatched and when it left. It is often used in connection with payments for the goods and the date can be significant in connection with changes in duties between certain dates.

Packing List

The sender issues this document to the transporter and the buyer. It clearly indicates the number of packages and the contents of each of the packages. It also shows the Shipping Marks and therefore provides identification of individual packages. This document may be required under the terms of a Letter of Credit (see below) or may be required by Customs and/or health and safety regulations because of its package identification function.

3. Transport Documents

These are standard international documents that are either issued or carried by the transporter in order to effect an international movement. Many of these documents are required for production to the Customs authorities to effect an import or export clearance. They may also be required for transit movements through a country by the Customs or Police as they detail the nature of the goods carried.

Air Waybill

This is the main transport document for airfreight consignments and represents a contract of carriage between the owner of the goods and the carrier. It is produced in three originals, one of which will have to be submitted by the receiver before the carrier will release the goods to the consignee/receiver. Many customs authorities require either an original or copy to effect clearance of the cargo. The layout of the document is prescribed by the International Air Transport Authority (IATA) and is normally prepared by the carrier, rather than the exporter.

It should be noted that certain traffics might move by road under an air waybill. For example, airlines use surface collection and delivery services but offer point-to-point or through air waybills.

House Air Waybill

An airfreight agent or air forwarder normally issues this document to the shipper. This document represents a contract of carriage between the forwarder and the shipper and is supported by the master air waybill of the carrier.

The main situation where this arises is where shipments are consolidated and presented to the airline in order to obtain lower rates for a larger shipment. The airline issues a master air waybill covering the total shipment. The



forwarder will issue house waybills to each of the individual shippers relative to each of their own consignments. It is therefore in effect a "sub air waybill" in the name of the forwarder with an identical layout to the airline waybill.

IATA Shipper Declaration for Dangerous Goods

The purpose of this document is to ensure the safe handling of dangerous goods that are being consigned by air. This is an IATA format and the document must be completed by the exporter, not an agent or freight forwarder, and handed to the air transport operator. The document is similar to the air waybill and is produced with three originals. This document would be required for production to the Police on surface international movements.

CIM Rail Consignment Note

The Convention concerning International Carriage by Rail (COTIF) incorporates the Uniform Rules concerning the Contract for the International Carriage of Goods by Rail (CIM). CIM sets out the responsibilities and the liability of the railway operator for loss of and damage to goods. The Convention sets out the requirements for the consignment note (generally referred to as the CIM note) and specifies the data elements which the CIM note must contain, although it does not specify the actual layout of the document. Customs Authorities normally require production of a rail consignment note for movements of all import export and transit movements by rail for support or control purposes.

CMR Road Consignment Note

CMR is a UN ECE Convention governing the contract between the sender of goods by road and the road carrier. The full title of the Convention is Convention on the Contract for the International Carriage of Goods by Road (CMR). This Convention imposes substantial liabilities on road hauliers that cannot be avoided or reduced by private contract. The Convention applies to most haulage operations when either the country of despatch or the country designated for delivery of the goods is a contracting party to the Convention.

The Convention provides that the contract for the international carriage of goods by road should be evidenced by the making out of a consignment note and sets out the data that must be included in the note. It does not, however, specify the form that the note should take. The document must be produced in three originals with one being retained by the sender, one travelling with the goods and one being retained by the carrier. The Convention appears to assume that the sender will prepare the document, but it is generally produced by the road carrier or a freight forwarder. Customs normally expect to inspect the CMR form if one has been issued.

Although not a signatory to the convention such kind of a document needs to be established once the law is enabled.

Certificate of Shipment

This document is normally completed by freight forwarders or transport operators to confirm that goods have been shipped and contains information relating to the shipment. It may also have a function in respect of payment of duties such as Value Added Tax and can be a requirement of the Letters of Credit. This form is not generally required by Customs, except as support documentation relating to dispensation of duties.

Bill of Lading

This is the marine equivalent of the air waybill and is used for consignments despatched by sea. This is a key carriage document as it represents a receipt for the goods shipped (or received for shipment), evidence of the sea freight contract and (unless marked non-negotiable) it is a document giving title to the goods. There is a move away from negotiable Bills of Lading in some trades towards the use of non-negotiable sea waybill (see below). For conventional cargo, a Port-to-Port Bill of Lading is used. A Combined Transport Bill of Lading is normally used where the document is required to cover the inland leg(s) of an ocean freight consignment, such as on a through shipment. Customs usually require production of original or copy Bill of Lading to effect release.

The Bill of Lading is also an important document in many banking and payment systems. For example, it is usual for the document to be required under the terms of Letters of Credit.

House Bill of Lading

A forwarder normally issues the House Bill of Lading to the shipper. It represents a contract of carriage between the forwarder and the shipper and is supported by the master Bill of Lading.

The main situation where this arises is where shipments are consolidated and presented to the Carrier as a single shipment. This is a common forwarding document used by many international forwarders when a sea shipment is involved.

Non-negotiable Sea Waybill

This sea transport document is normally completed by the carrier and is similar to the standard Bill of Lading. The main difference is that this is not a document of title. The use of this document involves a simpler procedure in situations where it is unlikely that the goods will be sold whilst in transit.

Negotiable FIATA Combined Transport Bill of Lading

This document is the combined transport equivalent of the Bill of Lading. It is specifically used when more than one mode of transport is used between the port of loading and the place of delivery. It is most commonly used in connection with container movements that are on-forwarded to the place of delivery by rail. Customs often require this document as a substitute to the Bill of Lading or rail consignment note.

Dangerous Goods Note.

This document is used to accompany hazardous or dangerous goods carried by a transporter. It contains information allowing for the clear identification of the substance, the nature of the hazard that it presents and the emergency action required to be taken in the event of an accident. It will incorporate a dangerous goods declaration and may include a container / vehicle packing certificate. This document is usually required to be produced to both Customs and Police during international transits.

Export Cargo Shipping Instructions

This document is prepared by the exporter in order to provide the freight forwarder with all the information needed to effect a shipment. In completing this form the exporter provides much of the data to enable the forwarder to produce both official and transport documentation.

FIATA Forwarders Certificate of Receipt

This document is produced by forwarders and given to shippers as a receipt for goods. In effect, this signifies that the forwarder's obligations and responsibilities apply from this point in time until fulfilment of his contract in relation to movement of these goods.

Standard Shipping Note

This document is used to accompany non-hazardous goods in transit to a carrier (usually a sea carrier), a port, or a freight forwarder. It is therefore normally used only domestically, prior to the international movement. However, it may be used to accompany consignments taken from one country to another to reach the port of shipment. The document contains information about the shipment and is produced as a six part set.

4. Banking and Insurance Documentation

The following documents main functions relate to the method and process of payments between the seller and the purchaser and the insurance of the goods whilst being sent from one to the other. They are sometimes required by the Customs Authority as supporting documents for clearance purposes. Only those documents that are formatted to UN standards in relation to trade facilitation are included. Standardised bank documents such as Letters of Credit have been excluded.

Bank Collection Form

This document is used to instruct the buyer's bank on how to process a documentary collection. He normally sends it direct to his overseas bank with all of the supporting documents. It contains information of what action his bank should take and who to contact in the event of problems.



Bill of Exchange

A Bill of Exchange is defined as being "An unconditional order in writing, addressed by one person to another, signed by the person giving it, requiring the person to whom it is addressed to pay on demand, or at a fixed or determinable time, a sum certain in money to, or to the order of, a specified person, or to bearer." It is therefore essentially an instruction by the purchaser to a third party to pay the seller an agreed figure at a specific time.

Bank Collection Form, incorporating Bill of Exchange

This document form serves the same purpose as the bank collection form detailed above but additionally provides the detail required for the bank to produce a printed Bill of Exchange.

Letter of Credit Presentation Form

This document is a master form when submitting the documents required by a Letter of Credit to a bank in order to obtain payment for an export shipment. It is used to substitute a covering letter and, because it is formatted, reminds the submitter which documents need to be enclosed.

Certificate of Insurance

This document provides evidence that an export shipment has been insured and the goods are covered during the transit. The insurance company accepting the cover normally issues it.

Note: All of the above documents are in common use in world trade and help to facilitate international trade. Many are also used in connection with trade procedures and by freight forwarders. However, the demands of countries will change and it is essential to check with Customs the current requirements. These are often posted on the Internet.

Annex 2

Standard Conditions (1992) governing the FIATA MULTIMODAL TRANSPORT BILL OF LADING

Definitions

- "Freight Forwarder" means the Multimodal Transport Operator who issues this FBL and is named on the face of it and assumes liability for the performance of the multimodal transport contract as a carrier.
- "Merchant" means and includes the Shipper, the Consignor, the Consignee, the Holder of this FBL, the Receiver and the Owner of the Goods.
- "Consignor" means the person who concludes the multimodal transport contract with the Freight Forwarder.
- "Consignee" means the person entitled to receive the goods from the Freight Forwarder. - "Taken in charge" means that the goods have been handed over to and accepted for carriage by the Freight Forwarder at the place of receipt evidenced in this FBL.
- "Goods" means any property including live animals as well as containers, pallets or similar articles of transport or packaging not supplied by the Freight Forwarder, irrespective of whether such property is to be or is carried on or under deck.

1. Applicability

Notwithstanding the heading "FIATA Multimodal Transport Bill of Lading (FBL)" these conditions shall also apply if only one mode of transport is used.

2. Issuance of this FBL

1. By issuance of this FBL the Freight Forwarder

- a. undertakes to perform and/or in his own name to procure the performance of the entire transport, from the place at which the goods are taken in charge (place of receipt evidenced in this FBL) to the place of delivery designated in this FBL;
- b. assumes liability as set out in these conditions.

2. Subject to the conditions of this FBL the Freight Forwarder shall be responsible for the acts and omissions of his servants or agents acting within the scope of their employment, or any other person of whose services he makes use for the performance of the contract evidenced by this FBL, as if such acts and omissions were his own.

3. Negotiability and title to the goods

1. This FBL is issued in a negotiable form unless it is marked "non negotiable". It shall constitute title to the goods and the holder, by endorsement of this FBL, shall be entitled to receive or to transfer the goods herein mentioned.
2. The information in this FBL shall be prima facie evidence of the taking in charge by the Freight Forwarder of the goods as described by such information unless a contrary indication, such as "shipper's weight, load and count", "shipper-packed container" or similar expressions, has been made in the printed text or superimposed on this FBL.

However, proof to the contrary shall not be admissible when the FBL has been transferred to the consignee for valuable consideration who in good faith has relied and acted thereon.

4. Dangerous Goods and Indemnity

1. The Merchant shall comply with rules which are mandatory according to the national law or by reason of International Convention, relating to the carriage of goods of a dangerous nature, and shall in any case inform the Freight Forwarder in writing of the exact nature of the danger, before goods of a dangerous nature are taken in charge by the Freight Forwarder and indicate to him, if need be, the precautions to be taken.
2. If the Merchant fails to provide such information and the Freight Forwarder is unaware of the dangerous nature of the goods and the necessary precautions to be taken and if, at any time, they are deemed to be a hazard to life or property, they may at any place be unloaded, destroyed or rendered harmless, as circumstances may require, without compensation. The Merchant shall indemnify the Freight Forwarder against all loss, damage, liability, or expense arising out of their being taken in charge, or their carriage, or of any service incidental thereto.
3. The burden of proving that the Freight Forwarder knew the exact nature of the danger constituted by the carriage of the said goods shall rest on the Merchant.
4. If any goods shall become a danger to life or property, they may in like manner be unloaded or landed at any place or destroyed or rendered harmless. If such danger was not caused by the fault and neglect of the Freight Forwarder he shall have no liability and the Merchant shall indemnify him against all loss, damage, liability and expense arising therefrom.

5. Description of Goods and Merchant's Packing and Inspection

1. The Consignor shall be deemed to have guaranteed to the Freight Forwarder the accuracy, at the time the goods were taken in charge by the Freight Forwarder, of all particulars relating to the general nature of the goods, their marks, number, weight, volume and quantity and, if applicable, to the dangerous character of the goods, as furnished by him or on his behalf for insertion on the FBL. The Consignor shall indemnify the Freight Forwarder against all loss, damage and expense resulting from any inaccuracy or inadequacy of such particulars. The Consignor shall remain liable even if the FBL has been transferred by him. The right of the Freight Forwarder to such an indemnity shall in no way limit this liability under this FBL to any person other than the Consignor.
2. The Freight Forwarder shall not be liable for any loss, damage or expense caused by defective or insufficient packing of goods or by inadequate loading or packing within containers or other transport units when such loading or packing has been performed by the Merchant or on his behalf by a person other than the Freight Forwarder, or by the defect or unsuitability of the containers or other transport units supplied by the Merchant, or if supplied by the Freight Forwarder if a defect or unsuitability of the container or other transport unit would have been apparent upon reasonable inspection by the Merchant. The Merchant shall indemnify the Freight Forwarder against all loss, damage, liability and expense so caused.

6. Freight Forwarder's Liability

1. The responsibility of the Freight Forwarder for the goods under these conditions covers the period from the time the Freight Forwarder has taken the goods in his charge to the time of their delivery.
2. The Freight Forwarder shall be liable for loss of or damage to the goods as well as for delay in delivery if the occurrence which caused the loss, damage or delay in delivery took place while the goods were in his charge as defined in Clause 2.1.a, unless the Freight Forwarder proves that no fault or neglect of his own, his servants or agents or any other person referred to in Clause 2.2., has caused or contributed to such loss, damage or delay. However, the Freight Forwarder shall only be liable for loss following from delay in delivery if the Consignor has made a declaration of interest in timely delivery which has been accepted by the Freight Forwarder and stated in this FBL.
3. Arrival times are not guaranteed by the Freight Forwarder. However, delay in delivery occurs when the goods have not been delivered within the time expressly agreed upon or, in the absence of such agreement, within the time which would be reasonable to require of a diligent Freight Forwarder, having regard to the circumstances of the case.
4. If the goods have not been delivered within ninety consecutive days following such date of delivery as determined in Clause 6.3., the claimant may, in the absence of evidence to the contrary, treat the goods as lost.
5. When the Freight Forwarder establishes that, in the circumstances of the case, the loss or damage could be attributed to one or more causes or events, specified in a-e of the present clause, it shall be presumed that it was so caused, always provided, however, that the claimant shall be entitled to prove that the loss or damage was not, in fact, caused wholly or partly by one or more of such causes or events:
 - a. an act or omission of the Merchant, or person other than the Freight Forwarder acting on behalf of the Merchant or from whom the Freight Forwarder took the goods in charge;
 - b. insufficiency or defective condition of the packaging or marks and/or numbers;
 - c. handling, loading, stowage or unloading of the goods by the Merchant or any person acting on behalf of the Merchant;
 - d. inherent vice of the goods;
 - e. strike, lockout, stoppage or restraint of labour
6. Defences for carriage by sea or inland waterways
7. Notwithstanding Clauses 6.2., 6.3. and 6.4. the Freight Forwarder shall not be liable for loss, damage or delay in delivery with respect to goods carried by sea or inland waterways when such loss, damage or delay during such carriage has been caused by:
 - a. act, neglect, or default of the master, mariner, pilot or the servants of the carrier in the navigation or in the management of the ship,
 - b. fire, unless caused by the actual fault or privity of the carrier, however, always provided that whenever loss or damage has resulted from unseaworthiness of the ship, the Freight Forwarder can prove that due diligence has been exercised to make the ship seaworthy at the commencement of the voyage.

7. Paramount Clauses

1. These conditions shall only take effect to the extent that they are not contrary to the mandatory provisions of International Conventions or national law applicable to the contract evidence by this FBL.
2. The Hague Rules contained in the International Convention for the unification of certain rules relating to Bills of Lading, dated Brussels 25th August 1924, or in those countries where they are already in force the Hague-Visby Rules contained in the Protocol of Brussels, dated 23rd February 1968, as enacted in the Country of Shipment, shall apply to all carriage of goods by sea and also to the carriage of goods by inland waterways, and such provisions shall apply to all goods whether carried on deck or under deck.
3. The Carriage of Goods by Sea Act of the United States of America (COGSA) shall apply to the carriage of goods by sea, whether on deck or under deck, if compulsorily applicable to this FBL or would be applicable but for the goods being carried on deck in accordance with a statement on this FBL.

8. Limitation of Freight Forwarder's Liability

1. Assessment of compensation for loss of or damage to the goods shall be made by reference to the value of such goods at the place and time they are delivered to the consignee or at the place and time when, in accordance with this FBL, they should have been so delivered.
2. The value of the goods shall be determined according to the current commodity exchange price or, if there is no such price, according to the current market price or, if there are no such prices, by reference to the normal value of goods of the same name and quality.
3. Subject to the provisions of subclauses 8.4. to 8.9. inclusive, the Freight Forwarder shall in no event be or become liable for any loss of or damage to the goods in an amount exceeding the equivalent of 666.67 SDR per package or unit or 2 SDR per kilogramme of gross weight of the goods lost or damaged, whichever is the higher, unless the nature and value of the goods shall have been declared by the Consignor and accepted by the Freight Forwarder before the goods have been taken in his charge, or the ad valorem freight rate paid, and such value is stated in the FBL by him, then such declared value shall be the limit.
4. Where a container, pallet or similar article of transport is loaded with more than one package or unit, the packages or other shipping units enumerated in the FBL as packed in such article of transport are deemed packages or shipping units. Except as aforesaid, such article of transport shall be considered the package or unit.
5. Notwithstanding the above mentioned provisions, if the multimodal transport does not, according to the contract, include carriage of goods by sea or by inland waterways, the liability of the Freight Forwarder shall be limited to an amount not exceeding 8.33 SDR per kilogramme of gross weight of the goods lost or damaged.
6.
 - a. When the loss of or damage to the goods occurred during one particular stage of the multimodal transport, in respect of which an applicable international convention or mandatory national law would have provided another limit of liability if a separate contract of carriage had been made for that particular stage of transport, then the limit of the Freight Forwarder's liability for such loss or damage shall be determined by reference to the provisions of such convention or mandatory national law.

- b. Unless the nature and value of the goods shall have been declared by the Merchant and inserted in this FBL, and the ad valorem freight rate paid, the liability of the Freight Forwarder under COGSA, where applicable, shall not exceed USD 500 per package or, in the case of goods not shipped in packages, per customary freight unit.
 7. If the Freight Forwarder is liable in respect of loss following from delay in delivery, or consequential loss or damage other than loss of or damage to the goods, the liability of the Freight Forwarder shall be limited to an amount not exceeding the equivalent of twice the freight under the multimodal contract for the multimodal transport under this FBL.
 8. The aggregate liability of Freight Forwarder shall not exceed the limits of liability for total loss of the goods.
 9. The Freight Forwarder is not entitled to the benefit of the limitation of liability if it is proved that the loss, damage or delay in delivery resulted from a personal act or omission of the Freight Forwarder done with the intent to cause such loss, damage or delay, or recklessly and with knowledge that such loss, damage or delay would probably result.
9. Applicability to Actions in Tort
These conditions apply to all claims against the Freight Forwarder relating to the performance of the contract evidenced by this FBL, whether the claim be founded in contract or in tort.
10. Liability of Servants and other Persons
1. These conditions apply whenever claims relating to the performance of the contract evidenced by this FBL are made against any servant, agent or other person (including any independent contractor) whose services have been used in order to perform the contract, whether such claims are founded in contract or in tort, and the aggregate liability of the Freight Forwarder and of such servants, agents or other persons shall not exceed the limits in clause 8.
 2. In entering into this contract as evidenced by this FBL, the Freight Forwarder, to the extent of these provisions, does not only act on his own behalf, but also as agent or trustee for such persons, and such persons shall to this extent be or be deemed to be parties to this contract.
 3. However, if it is proved that the loss of or such loss or damage to the goods resulted from a personal act or omission of such a person referred to in Clause 10.1., done with intent to cause damage, or recklessly and with knowledge that damage would probably result, such person shall not be entitled to benefit of limitation of liability provided for in Clause 8.
 4. The aggregate of the amounts recoverable from the Freight Forwarder and the persons referred to in Clause 2.2. and 10.1., shall not exceed the limits provided for in these conditions.
11. Method and Route of Transportation
Without notice to the Merchant, the Freight Forwarder has the liberty to carry the goods on or under deck and to choose or substitute the means, route and procedure to be followed in the handling, stowage, storage and transportation of the goods.
12. Delivery
1. Goods shall be deemed to be delivered when they have been handed over or placed at the disposal of the Consignee or his agent in accordance with this FBL, or when the goods have been handed over to any authority or other party to whom, pursuant to the law or

regulation applicable at the place of delivery, the goods must be handed over, or such other place at which the Freight Forwarder is entitled to call upon the Merchant to take delivery.

2. The Freight Forwarder shall also be entitled to store the goods at the sole risk of the Merchant, and the Freight Forwarder's liability shall cease, and the cost of such storage shall be paid, upon demand, by the Merchant to the Freight Forwarder.
3. If at any time the carriage under this FBL is or is likely to be affected by any hindrance or risk of any kind (including the condition of the goods) not arising from any fault or neglect of the Freight Forwarder or a person referred to in Clause 2.2. and which cannot be avoided by the exercise of reasonable endeavours the Freight Forwarder may: Abandon the carriage of the goods under this FBL and, where reasonably possible, place the goods or any part of them at the Merchant's disposal at any place which the Freight Forwarder may deem safe and convenient, whereupon delivery shall be deemed to have been made, and the responsibility of the Freight Forwarder in respect of such goods shall cease. In any event, the Freight Forwarder shall be entitled to full freight under this FBL and the Merchant shall pay any additional costs resulting from the above mentioned circumstances.

13. Freight and Charges

1. Freight shall be paid in cash, without any reduction or deferment on account of any claim, counterclaim or set-off, whether prepaid or payable at destination. Freight shall be considered as earned by the Freight Forwarder at the moment when the goods have been taken in his charge, and not to be returned in any event.
2. Freight and all other amounts mentioned in this FBL are to be paid in the currency named in this FBL or, at the Freight Forwarder's option, in the currency of the country of dispatch or destination at the highest rate of exchange for bankers sight bills current for prepaid freight on the day of dispatch and for freight payable at destination on the day when the Merchant is notified on arrival of the goods there or on the date of withdrawal of the delivery order, whichever rate is the higher, or at the option of the Freight Forwarder on the date of this FBL.
3. All dues, taxes and charges or other expenses in connection with the goods shall be paid by the Merchant. Where equipment is supplied by the Freight Forwarder, the Merchant shall pay all demurrage and charges which are not due to a fault or neglect of the Freight Forwarder.
4. The Merchant shall reimburse the Freight Forwarder in proportion to the amount of freight for any costs for deviation or delay or any other increase of costs of whatever nature caused by war, warlike operations, epidemics, strikes, government directions or force majeure.
5. The Merchant warrants the correctness of the declaration of contents, insurance, weight, measurements or value of the goods but the Freight Forwarder has the liberty to have the contents inspected and the weight, measurements or value verified. If on such inspection it is found that the declaration is not correct it is agreed that a sum equal either to five times the difference between the correct figure and the freight charged, or to double the correct freight less the freight charged, whichever sum is the smaller, shall be payable as liquidated damages to the Freight Forwarder for his inspection costs and losses of freight on other goods notwithstanding any other sum having been stated on this FBL as freight payable.

6. Despite the acceptance by the Freight Forwarder of instructions to collect freight, charges or other expenses from any other person in respect of the transport under this FBL, the Merchant shall remain responsible for such monies on receipt of evidence of demand and the absence of payment for whatever reason.

14. Lien

The Freight Forwarder shall have a lien on the goods and any documents relating thereto for any amount due at any time to the Freight Forwarder from the Merchant including storage fees and the cost of recovering same, and may enforce such lien in any reasonable manner which he may think fit.

15. General Average

The Merchant shall indemnify the Freight Forwarder in respect of any claims of a General Average nature which may be made on him and shall provide such security as may be required by the Freight Forwarder in this connection.

16. Notice

1. Unless notice of loss or damage to the goods, specifying the general nature of such loss or damage, is given in writing by the consignee to the Freight Forwarder when the goods are delivered to the consignee in accordance with clause 12, such handing over is prima facie evidence of the delivery by the Freight Forwarder of the goods as described in this FBL.
2. Where the loss or damage is not apparent, the same prima facie effect shall apply if notice in writing is not given within 6 consecutive days after the day when the goods were delivered to the consignee in accordance with clause 12.

17. Time bar

The Freight Forwarder shall, unless otherwise expressly agreed, be discharged of all liability under these conditions unless suit is brought within 9 months after the delivery of the goods, or the date when the goods should have been delivered, or the date when in accordance with clause 6.4. failure to deliver the goods would give the consignee the right to treat the goods as lost.

18. Partial Invalidity

If any clause or a part thereof is held to be invalid, the validity of this FBL and the remaining clauses or a part thereof shall not be affected.

19. Jurisdiction and applicable law

Actions against the Freight Forwarder may be instituted only in the place where the Freight Forwarder has his place of business as stated on the reverse of this FBL and shall be decided according to the law of the country in which that place of business is situated.

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Annex 3

suits the banks since (i) the issuance of FCR does not require much time; (ii) proceeding from the legal nature of the FCR under the FIATA rules and the international good business practice, while issuing the FCR, the freight forwarder undertakes, in particular, to follow only the bank's instructions related to the goods under the issued FCR. The latter is very important with a view to securing the bank's interests as far as the bank is, practically, entitled to dispose of the goods under the issued FCRs until the receipt of the loan repayment.

Therefore, we deem it expedient to provide readers with details of a recent case related to fulfilment of the obligations of a freight forwarder under the issued FCRs to the bank providing financing against the said FCRs considered by Ukrainian courts, wherein the authors of the present article represented the interests of the international bank.

FCR: the Ukrainian approach

The plot of the case was as follows. A foreign bank (the "Bank") provided financing to a non-resident company (the "Purchaser") for purchase of grain in Ukraine. A Ukrainian freight forwarding company (the "Freight forwarder") providing services to the Purchaser under the instructions of the latter issued the FCRs for the benefit of the Bank. The issued FCRs contained the standard wording used in such types of transactions: "We (the Freight forwarder) hereby confirm that the complete cargo has been received and taken over by us in apparently good order and condition and is held to the irrevocable disposal of the Bank... We herewith also confirm that we will not move the cargo without the instructions of the Bank..."

The loan was not repaid and the Bank, in order to enforce its rights regarding the cargo (goods) under the issued FCRs, provided the Freight for-

warder with the relevant instructions on the cargo's disposal. However, the latter were not followed by the Freight forwarder. Thus, the Bank had every reason to believe that the goods under the issued FCRs that should have been "held to the irrevocable disposal" of the Bank and which should not have been moved "without instructions of the Bank", were merely dispatched under the instructions of the Purchaser (the borrower) notwithstanding the FCRs issued to the benefit of the Bank. In response to the Bank's instructions the Freight forwarder stated that the issued FCRs were invalid in Ukraine.



S. Ribickian

The issue as to whether the FCRs are valid or invalid in Ukraine was considered at first by the Commercial Court of Odessa Region after being approached by the Bank to protect its interests.

It is fair to say that the issue brought before the court i.e. legal assessment of the FCRs is complex and complicated, taking into account that it is neither regulated by national Ukrainian legislation nor governed by international treaties binding on Ukraine. In practice, the FCR is an international custom developed in international trade practice. In any case, the said thesis is supported by Prof. Jan Ramberg³, who is regarded as one of the most reputable experts in the field of international freight forwarding. In particular, he stated that: "...the

existing chaos (of legal regulation of freight forwarding) would have been removed by international legislation long ago. Thus, it does not seem likely that mandatory legislation will supersede the contemporary practices within the near future."³ Besides, Prof. Ramberg put special emphasis on the danger of consideration by the courts of the continental system of law of disputes related to international freight forwarding in the absence of relevant national provisions regulating the said specific relationships³. It should be also noted that it is only one aspect of the "everlasting problem", described by the Prof. Pokrovskiy in 1896. Indeed, unlike public law, civil law is much more conventional and shall be least affected by a particular situation. The latter shall be regarded as a dubious achievement of civil law, since conformism usually means stability and invariability. At the same time, there is also a flip side of the coin – relationships are developing too quickly for the law to regulate. As a result, the courts are trying to squeeze new relationships into the Procrustes' bed of old legal concepts. The latter, in its turn, does not encourage the justified consideration of the said cases. In such a situation the law

can develop in two ways: to adopt new legislative acts on the issue urgently or to interpret the said relationships taking into account the existing good business practice.

Reverting to our case, we would like to sum up the position of the claimant (Bank). Under the issued FCRs, the Bank was entitled to dispose of the goods (consignment) indicated therein, and the Freight forwarder was obliged to follow the Bank's instructions regarding the latter. The said obligation of the Freight forwarder was based on the FCRs issued by him. The Bank provided the Freight forwarder with instructions to transfer the goods under the issued FCRs and all the documents related thereto to the third party. The Freight forwarder

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failed to perform the said instructions and thereby violated his obligations to the Bank. The Bank (claimant) asked the court to oblige the Freight forwarder to transfer the goods in accordance with the Bank's instructions.

It should be noted that Ukrainian legislation in force does not contain any provision on the FCRs. At the same time, the claimant requested the court to interpret the rights and obligations of the parties under the issued FCRs applying international trade usages and good business practice. Letters from the Ukrainian Chamber of Commerce and Industry and Association of International Freight Forwarders of Ukraine confirmed the position of the said Bank.

The Bank argued its position referring to:

(a) Article 11 of the *Civil Code of Ukraine* which provides that "civil rights and obligations shall arise from the persons' actions provided by civil legislation acts as well as from those that are not provided hereby but generate civil rights and obligations by analogy";

(b) Article 4 of the *Commercial Procedural Code of Ukraine*, which states that in the absence of legislation regulating relationships in a dispute with participation of a foreign business entity, the commercial court may apply international trade usages;

(c) Article 7 of the *Civil Code of Ukraine*, according to which civil relationships can be regulated by practice (usage), in particular, by good business practice. Good business practice (usage) shall be the rule of conduct not provided by civil legislation acts but which has been developed in the particular sphere of civil relationships. The latter may be provided for by the relevant documents as well as not provided in any document. The Higher Commercial Court of Ukraine, in its interpretation of 31 May 2002¹, pointed out on one more possibility (which actually means necessity) of application by Ukrainian courts of international good business practice.

The Commercial Court of Odessa region refused to apply international good business practice and trade usages and dismissed outright the Bank's claim. Thus, the said court actually

confirmed the position of the Freight forwarder that the FCR is invalid in Ukraine. The said decision might have had negative consequences for the Ukrainian freight forwarding business as a whole. It is well known that the ignoring of the FCRs by the Ukrainian court resulted in a ban imposed by FIATA on Ukrainian freight forwarders to issue the FCRs with regard to scrap metal.

The case was further considered by the appellate and cassation instances and the positions of both instances were in marked contrast to the position of the court of the first instance described above.

The Odessa Appellate Commercial Court reversed the decision of the court of the first instance, pointing out that "while adopting the decision in the case... the commercial court did not take into account the specifics of relationships of international freight forwarding, including the adherence to FIATA standards." We are of the opinion that the appellate court took a significant step by subscribing to the Bank's position on application of international trade usages and good business practice. Such a court's flexibility and readiness to follow the justified position related to application of foreign law or international good business practice occurs quite rarely in Ukraine.

The Higher Commercial Court of Ukraine confirmed the legality and reasonableness of the Resolution of the Odessa Appellate Commercial Court and stated that: "issuance by the freight forwarder of the FCR with an indication that the right of irrevocable disposal of the consignment creates an obligation of the freight forwarder to follow all the instructions on the consignment's disposal, and entitles the holder of the FCR to demand the performance of the said instructions. Thereat in disputable relationships the right of the claim to demand the latter is grounded by the undertaking arising out of the issued certificates (the FCRs) by the Respondent, and the sense of the said relationships includes the obligation of the freight forwarder without instructions of the claimant not to dispose of the consignment under the issued FCRs and to transfer the said consignment under the claimant's instruction, as well as the relevant right of the claimant to demand the performance of the latter."

The Higher Commercial Court of Ukraine also noted that proceeding from the case materials and "... taking into account good business practice in accordance with Article 7 of the Civil Code of Ukraine, as far as the practice on the certificates usage (the FCRs) in international freight forwarding, have been confirmed by the attached to the case letter of the Association of International Freight Forwarders of Ukraine... and certificate of the Ukrainian Chamber of Commerce and Industry... the appellate court reasonably resolved to satisfy the claim..."

The respondent approached the Supreme Court of Ukraine with the "second" cassation appeal. However, the court has not found any grounds to admit the said appeal for consideration.

Implications

We believe that the case described above will have a significant effect on the Ukrainian international freight forwarding business. By the nature of our job, we have on repeated occasions dealt with unfair freight forwarders, which considered that since the FCR is not incorporated into Ukrainian "written" legislation, the said document is invalid in Ukraine and, therefore, the rights of its holder cannot be protected. The described case is testimony of the contrary. Undoubtedly, application and interpretation by Ukrainian courts of good business practice in this case, for almost the first time in Ukrainian judicial practice, shall be considered a positive step towards the development of the Ukrainian judicial system. Moreover, the judicial decisions in this case may significantly improve the image of Ukraine held by international organizations (e.g. FIATA) as a state with a legal system, which acknowledges common rules developed in international trade and business. ■

¹ Professor Emeritus of Private Law, Stockholm University.

² The Law of Freight Forwarding, I. Ramberg, 2002, FIATA, p. 27.

³ The Law of Freight Forwarding, I. Ramberg, 2002, FIATA, p. 18.

⁴ On some aspects of considering cases with participation of foreign business entities and organizations: Interpretation of the Highest Commercial Court of UD date of 31 May 2002, No. 04-5/608.

Annex 4 Incoterms

INCOTERMS 2000

EXW

EX WORKS (...named place): "Ex works" means that the seller delivers when he places the goods at the disposal of the buyer at the seller's premises or another named place (i.e. works, factory, warehouse, etc.) not cleared for export and not loaded on any collecting vehicle. This term thus represents the minimum obligation for the seller, and the buyer has to bear all costs and risks involved in taking the goods from the seller's premises. However, if the parties wish the seller to be responsible for the loading of the goods on departure and to bear the risks and all the costs of such loading, this should be made clear by adding explicit wording to this effect in the contract of sale. This term should not be used when the buyer cannot carry out the export formalities directly or indirectly. In such circumstances, the FCA term should be used, provided the seller agrees that he will load at his cost and risk.

A. THE SELLER'S OBLIGATIONS

A1 Provision of goods in conformity with the contract

The seller must provide the goods and the commercial invoice, or its equivalent electronic message, in conformity with the contract of sale and any other evidence of conformity which may be required by the contract.

A2 Licences, authorizations and formalities

The seller must render the buyer, at the latter's request, risk and expense, every assistance in obtaining, where applicable, any export licence or other official authorization necessary for the export of the goods.

A3 Contracts of carriage and insurance

a) Contract of carriage

No obligation

b) Contract of insurance

No obligation

A4 Delivery

The seller must place the goods at the disposal of the buyer at the named place of delivery, not loaded on any collecting vehicle, on the date or within the period agreed or, if no such time is agreed, at the usual time for delivery of such goods. If no specific point has been agreed within the named place, and if there are several points available, the seller may select the point at the place of delivery which best suits his purpose.

A5 Transfer of risks

The seller must, subject to the provisions of B5, bear all risks of loss of or damage to the goods until such time as they have been delivered in accordance with A4.

A6 Division of costs

The seller must, subject to the provisions of B6, pay all costs relating to the goods until such time as they have been delivered in accordance with A4.

A7 Notice to the buyer

The seller must give the buyer sufficient notice as to when and where the goods will be placed at his disposal.

A8 Proof of delivery, transport document or equivalent electronic message

No obligation.

A9 Checking-packaging-marking

The seller must pay the costs of those checking operations (such as checking quality, measuring, weighing, counting) which are necessary for the purpose of placing the goods at the buyer's disposal. The seller must provide at his own expense packaging (unless it is usual for the particular trade to make the goods of the contract description available unpacked) which is required for the transport of the goods, to the extent that the circumstances relating to the transport (for example modalities, destination) are made known to the seller before the contract of sale is concluded. Packaging is to be marked appropriately.

A10 Other obligations

The seller must render the buyer at the latter's request, risk and expense, every assistance in obtaining any documents or equivalent electronic messages issued or transmitted in the country of delivery and/or import of the goods and, where necessary, for their transit through any country.

The seller must provide the buyer, upon request, with the necessary information for procuring insurance.

B. THE BUYER'S OBLIGATIONS

B1 Payment of the price

The buyer must pay the price as provided in the contract of sale.

B2 Licences, authorizations and formalities

The buyer must obtain at his own risk and expense any export and import licence or other official authorization and carry out, where applicable, all customs formalities for the export of the goods.

B3 Contracts of carriage and insurance

a) Contract of carriage

No obligation.

b) Contract of insurance

No obligation.

B4 Taking delivery

The buyer must take delivery of the goods when they have been delivered in accordance with A4 and A7/B7.

B5 Transfer of risks

The buyer must bear all risks of loss of or damage to the goods

- ◆ from the time they have been delivered in accordance with A4 ; and
- ◆ from the agreed date or the expiry date of any period fixed for taking delivery which arise because he fails to give notice in accordance with B7, provided, however, that the goods have been duly appropriated to the contract, that is to say clearly set aside or otherwise identified as the contract goods.

B6 Division of costs

The buyer must pay

- ◆ all costs relating to the goods from the time they have been delivered in accordance with A4 ; and
- ◆ any additional costs incurred by failing either to take delivery of the goods when they have been placed at his disposal, or to give appropriate notice in accordance with B7 provided, however, that the goods have been duly appropriated to the contract, that is to say, clearly set aside or otherwise identified as the contract goods ; and
- ◆ where applicable, all duties, taxes and other charges as well as the costs of carrying out customs formalities payable upon export.

The buyer must reimburse all costs and charges incurred by the seller in rendering assistance in accordance with A2.

B7 Notice to the seller

The buyer must, whenever he is entitled to determine the time within an agreed period and/or the place of taking delivery, give the seller sufficient notice thereof.

B8 Proof of delivery, transport document or equivalent electronic message

The buyer must provide the seller with appropriate evidence of having taken delivery.

B9 Inspection of goods

The buyer must pay the costs of any pre-shipment inspection, including inspection mandated by the authorities of the country of export.

B10 Other obligations

The buyer must pay all costs and charges incurred in obtaining the documents or equivalent electronic messages mentioned in A10 and reimburse those incurred by the seller in rendering his assistance in accordance therewith.

FCA

FREE CARRIER (...named place): "Free Carrier" means that the seller delivers the goods, cleared for export, to the carrier nominated by the buyer at the named place. It should be noted that the chosen place of delivery has an impact on the obligations of loading and unloading the goods at that place. If delivery occurs at the seller's premises, the seller is responsible for loading. If delivery occurs at any other place, the seller is not responsible for unloading. This term may be used irrespective of the mode of transport, including multimodal transport. "Carrier" means any person who, in a contract of carriage, undertakes to perform or to procure the performance of transport by rail, road, air, sea, inland waterway or by a combination of such modes. If the buyer nominates a person other than a carrier to receive the goods, the seller is deemed to have fulfilled his obligation to deliver the goods when they are delivered to that person.

A. THE SELLER'S OBLIGATIONS

A1 Provision of goods in conformity with the contract

The seller must provide the goods and the commercial invoice, or its equivalent electronic message, in conformity with the contract of

sale and any other evidence of conformity which may be required by the contract.

A2 Licences, authorizations and formalities

The seller must obtain at his own risk and expense any export licence or other official authorization and carry out, where applicable, all customs formalities necessary for the export of the goods.

A3 Contracts of carriage and insurance

a) Contract of carriage

No obligation. However, if requested by the buyer or if it is commercial practice and the buyer does not give an instruction to the contrary in due time, the seller may contract for carriage on usual terms at the buyer's risk and expense. In either case, the seller may decline to make the contract and, if he does, shall promptly notify the buyer accordingly.

b) Contract of insurance

No obligation.

A4 Delivery

The seller must deliver the goods to the carrier or another person nominated by the buyer, or chosen by the seller in accordance with A3 a), at the named place on the date or within the period agreed for delivery.

Delivery is completed :

a) if the named place is the seller's premises, when the goods have been loaded on the means of transport provided by the carrier nominated by the buyer or another person acting on his behalf.

b) if the named place is anywhere other than a), when the goods are placed at the disposal of the carrier or another person nominated by the buyer, or chosen by the seller in accordance with A3 a) on the seller's means of transport not unloaded.

If no specific point has been agreed within the named place, and if there are several points available, the seller may select the point at the place of delivery which best suits his purpose.

Failing precise instructions from the buyer, the seller may deliver the goods for carriage in such a manner as the transport mode and/or the quantity and/or nature of the goods may require.

A5 Transfer of risks

The seller must, subject to the provisions of B5, bear all risks of loss of or damage to the goods until such time as they have been delivered in accordance with A4.

A6 Division of costs

The seller must, subject to the provisions of B6, pay

- ◆ all costs relating to the goods until such time as they have been delivered in accordance with A4 ; and
- ◆ where applicable, the costs of customs formalities as well as all duties, taxes, and other charges payable upon export.

A7 Notice to the buyer

The seller must give the buyer sufficient notice that the goods have been delivered in accordance with A4. Should the carrier fail to take delivery in accordance with A4 at the time agreed, the seller must notify the buyer accordingly.

A8 Proof of delivery, transport document of equivalent electronic message

The seller must provide the buyer at the seller's expense with the usual proof of delivery of the goods in accordance with A4.

Unless the document referred to in the preceding paragraph is the transport document, the seller must render the buyer at the latter's request, risk and expense, every assistance in obtaining a transport document for the contract of carriage (for example a negotiable bill of lading, a non-negotiable sea waybill, an inland waterway document, an air waybill, a railway consignment note, a road consignment note, or a multimodal transport document). When the seller and the buyer have agreed to communicate electronically, the document referred to in the preceding paragraph may be replaced by an equivalent electronic data interchange (EDI) message.

A9 Checking-packaging-marking

The seller must pay the costs of those checking operations (such as checking quality, measuring, weighing, counting) which are necessary for the purpose of delivering the goods in accordance with A4.

The seller must provide at his own expense packaging (unless it is usual for the particular trade to send the goods of the contract description unpacked) which is required for the transport of the goods, to the extent that the circumstances relating to the transport (for example modalities, destination) are made known to the seller before the contract of sale is concluded. Packaging is to be marked appropriately.

A10 Other obligations

The seller must render the buyer at the latter's request, risk and expense, every assistance in obtaining any documents or equivalent electronic messages (other than those mentioned in A8) issued or transmitted in the country of delivery and/or of origin which the

buyer may require for the import of the goods and, where necessary, for their transmit through any country.

The seller must provide the buyer, upon request, with the necessary information for procuring insurance.

B. THE BUYER'S OBLIGATIONS

B1 Payment of the price

The buyer must pay the price as provided in the contract of sale.

B2 Licences, authorizations and formalities

The buyer must obtain at his own risk and expense any import licence or other official authorization and carry out, where applicable, all customs formalities for the import of the goods and for their transit through any country.

B3 Contracts of carriage and insurance

a) Contract of carriage

The buyer must contract at his own expense for the carriage of the goods from the named place, except when the contract of carriage is made by the seller as provided for in A3 a).

b) Contract of insurance

No obligation.

B4 Taking delivery

The buyer must take delivery of the goods when they have been delivered in accordance with A4.

B5 Transfer of risks

The buyer must bear all risks of loss of or damage to the goods

- ◆ from the time they have been delivered in accordance with A4; and
- ◆ from the agreed date or the expiry date of any agreed period for delivery which arise either because he fails to nominate the carrier or another person in accordance with A4, or because the carrier or the party nominated by the buyer fails to take the goods into his charge at the agreed time, or because the buyer fails to give appropriate notice in accordance with B7, provided, however, that the goods have been duly appropriated to the contract, that is to say, clearly set aside or otherwise identified as the contract goods.

B6 Division of costs

The buyer must pay

- ◆ all costs relating to the goods from the time they have been delivered in accordance with A4; and
- ◆ any additional costs incurred, either because he fails to nominate the carrier or another person in accordance with A4 or because the party nominated by the buyer fails to take the goods into his charge at the agreed time, or because he has failed to give appropriate notice in accordance with B7, provided, however, that the goods have been duly appropriated to the contract, that is to say, clearly set aside or otherwise identified as the contract goods; and
- ◆ where applicable, all duties, taxes and other charges as well as the costs of carrying out customs formalities payable upon import of the goods and for their transit through any country.

B7 Notice to the seller

The buyer must give the seller sufficient notice of the name of the party designated in A4 and, where necessary, specify the mode of transport, as well as the date or period for delivering the goods to him and, as the case may be, the point within the place where the goods should be delivered to that party.

B8 Proof of delivery, transport document or equivalent electronic message

The buyer must accept the proof of delivery in accordance with A8.

B9 Inspection of goods

The buyer must pay the costs of any pre-shipment inspection except when such inspection is mandated by the authorities of the country of export.

B10 Other obligations

The buyer must pay all costs and charges incurred in obtaining the documents or equivalent electronic messages mentioned in A10 and reimburse those incurred by the seller in rendering his assistance in accordance therewith and in contracting for carriage in accordance with A3 a).

The buyer must give the seller appropriate instructions whenever the seller's assistance in contracting for carriage is required in accordance with A3 a).

FAS

FREE ALONGSIDE SHIP (...named port of shipment): “Free Alongside Ship” means that the seller delivers when the goods are placed alongside the vessel at the named port of shipment. This means that the buyer has to bear all costs and risks of loss of or damage to the goods from that moment. The FAS term requires the seller to clear the goods for export. THIS IS A REVERSAL FROM PREVIOUS INCOTERMS VERSIONS WHICH REQUIRED THE BUYER TO ARRANGE FOR EXPORT CLEARANCE. However, if the parties wish the buyer to clear the goods for export, this should be made clear by adding explicit wording to this effect in the contract of sale. This term can be used only for sea or inland waterway transport.

A. THE SELLER’S OBLIGATIONS

A1 Provisions of goods in conformity with the contract

The seller must provide the goods and the commercial invoice, or its equivalent electronic message, in conformity with the contract of sale and any other evidence of conformity which may be required by the contract.

A2 Licences, authorizations and formalities

The seller must obtain at his own risk and expense any export licence or other official authorization and carry out, where applicable, all customs formalities necessary for the export of the goods.

A3 Contracts of carriage and insurance

a) Contract of carriage

No obligation.

b) Contract of insurance

No obligation.

A4 Delivery

The seller must place the goods alongside the vessel nominated by the buyer at the loading place named by the buyer at the named port of shipment on the date or within the agreed period and in the manner customary at the port.

A5 Transfer of risks

The seller must, subject to the provisions of B5, bear all the risks of loss of or damage to the goods until such time as they have been delivered in accordance with A4.

A6 Division of costs

The seller must, subject to the provisions of B6, pay

- ◆ all costs relating to the goods until such time as they have been delivered in accordance with A4 ; and
- ◆ where applicable, the costs of customs formalities as well as all duties, taxes, and other charges payable upon export.

A7 Notice to the buyer

The seller must give the buyer sufficient notice that the goods have been delivered alongside the nominated vessel.

A8 Proof of delivery, transport document of equivalent electronic message

The seller must provide the buyer at the seller's expense with the usual proof of delivery of the goods in accordance with A4. Unless the document referred to in the preceding paragraph is the transport document, the seller must render the buyer at the latter's request, risk and expense, every assistance in obtaining a transport document (for example a negotiable bill of lading, a non-negotiable sea waybill, an inland waterway document). When the seller and the buyer have agreed to communicate electronically, the document referred to in the preceding paragraphs may be replaced by an equivalent electronic data interchange (EDI) message.

A9 Checking-packaging-marking

The seller must pay the costs of those checking operations (such as checking quality, measuring, weighing, counting) which are necessary for the purpose of delivering the goods in accordance with A4. The seller must provide at his own expense packaging (unless it is usual for the particular trade to ship the goods of the contract description unpacked) which is required for the transport of the goods, to the extent that the circumstances relating to the transport (for example modalities, destination) are made known to the seller before the contract of sale is concluded. Packaging is to be marked appropriately.

A10 Other obligations

The seller must render the buyer at the latter's request, risk and expense, every assistance in obtaining any documents or equivalent electronic messages (other than those mentioned in A8) issued or transmitted in the country of shipment and/or of origin which the buyer may require for the import of the goods and, where necessary, for their transit through any country. The seller must provide the buyer, upon request, with the necessary information for procuring insurance.

B. THE BUYER'S OBLIGATIONS

B1 Payment of the price

The buyer must pay the price as provided in the contract of sale.

B2 Licences, authorizations and formalities

The buyer must obtain at his own risk and expense any import licence or other official authorization and carry out, where applicable, all customs formalities for the import of the goods and for their transit through any country.

B3 Contracts of carriage and insurance

a) Contract of carriage

The buyer must contract at his own expense for the carriage of the goods from the named port of shipment.

b) Contract of insurance

No obligation.

B4 Taking delivery

The buyer must take delivery of the goods when they have been delivered in accordance with A4.

B5 Transfer of risks

The buyer must bear all risks of loss of or damage to the goods

- ◆ from the time they have been delivered in accordance with A4; and
- ◆ from the agreed date or the expiry date of any agreed period for delivery which arise either because he fails to give notice in accordance with B7, or because the vessel nominated by him fails to arrive on time, or is unable to take the goods, or closes for cargo earlier than the time notified in accordance with B7, provided, however, that the goods have been duly appropriated to the contract, that is to say, clearly set aside or otherwise identified as the contract goods.

B6 Division of costs

The buyer must pay

- ◆ all costs relating to the goods from the time they have been delivered in accordance with A4; and
- ◆ any additional costs incurred, either because the vessel nominated by him has failed to arrive on time, or is unable to take the goods, or closes for cargo earlier than the time notified in accordance with B7, or because the buyer has failed to give appropriate notice in accordance with B7, provided, however, that the goods have been duly appropriated to the contract, that

is to say, clearly set aside or otherwise identified as the contract goods; and

- ◆ where applicable, all duties, taxes and other charges as well as the costs of carrying out customs formalities payable upon import of the goods and for their transit through any country.

B7 Notice to the seller

The buyer must give the seller sufficient notice of the vessel name, loading point and required delivery time.

B8 Proof of delivery, transport document or equivalent electronic message.

The buyer must accept the proof of delivery in accordance with A8.

B9 Inspection of goods

The buyer must pay the costs of any pre-shipment inspection, except when such inspection is mandated by the authorities of the country of export.

B10 Other obligations

The buyer must pay all costs and charges incurred in obtaining the documents or equivalent electronic messages mentioned in A10 and reimburse those incurred by the seller in rendering his assistance in accordance therewith.

FOB

FREE ON BOARD (...named port of shipment): “Free on Board means that the seller delivers when the goods pass the ship’s rail at the named port of shipment. This means that the buyer has to bear all costs and risks of loss of or damage to the goods from that point. The FOB term requires the seller to clear the goods for export. This term can be used only for sea or inland waterway transport. If the parties do not intend to deliver the goods across the ship’s rail, the FCA term should be used.

A. THE SELLER’S OBLIGATIONS

A1 Provisions of goods in conformity with the contract

The seller must provide the goods and the commercial invoice, or its equivalent electronic message, in conformity with the contract of sale and any other evidence of conformity which may be required by the contract.

A2 Licences, authorizations and formalities

The seller must obtain at his own risk and expense any export licence or other official authorization and carry out, where applicable, all customs formalities necessary for the export of the goods.

A3 Contracts of carriage and insurance

a) Contract of carriage

No obligation.

b) Contract of insurance

No obligation.

A4 Delivery

The seller must deliver the goods on the date or within the agreed period at the named port of shipment and in the manner customary at the port onboard the vessel nominated by the buyer.

A5 Transfer of risks

The seller must, subject to the provisions of B5, bear all risks of loss of or damage to the goods until such time as they have been passed the ship's rail at the named port of shipment.

A6 Division of costs

The seller must, subject to the provisions of B6, pay

- ◆ all costs relating to the goods until such time as they have passed the ship's rail at the named port of shipment ; and
- ◆ where applicable, the costs of customs formalities necessary for export as well as all duties, taxes, and other charges payable upon export.

A7 Notice to the buyer

The seller must give the buyer sufficient notice that the goods have been delivered in accordance with A4.

A8 Proof of delivery, transport document of equivalent electronic message

The seller must provide the buyer at the seller's expense with the usual proof of delivery of the goods in accordance with A4. Unless the document referred to in the preceding paragraph is the transport document, the seller must render the buyer at the latter's request, risk and expense, every assistance in obtaining a transport document for the contract of carriage (for example a negotiable bill of lading, a non-negotiable sea waybill, an inland waterway document, or a multimodal transport document). When the seller and the buyer have agreed to communicate electronically, the document referred to in the preceding paragraph may be replaced by an equivalent electronic data interchange (EDI) message.

A9 Checking-packaging-marking

The seller must pay the costs of those checking operations (such as checking quality, measuring, weighing, counting) which are necessary for the purpose of delivering the goods in accordance with A4. The seller must provide at his own expense packaging (unless it is usual for the particular trade to ship the goods of the contract description unpacked) which is required for the transport of the goods, to the extent that the circumstances relating to the transport (for example modalities, destination) are made known to the seller before the contract of sale is concluded. Packaging is to be marked appropriately.

A10 Other obligations

The seller must render the buyer at the latter's request, risk and expense, every assistance in obtaining any documents or equivalent electronic messages (other than those mentioned in A8) issued or transmitted in the country of shipment and/or of origin which the buyer may require for the import of the goods and, where necessary, for their transit through any country. The seller must provide the buyer, upon request, with the necessary information for procuring insurance.

B. THE BUYER'S OBLIGATIONS

B1 Payment of the price

The buyer must pay the price as provided in the contract of sale.

B2 Licences, authorizations and formalities

The buyer must obtain at his own risk and expense any import licence or other official authorization and carry out, where applicable, all customs formalities for the import of the goods and, where necessary, for their transit through any country.

B3 Contracts of carriage and insurance

a) Contract of carriage

The buyer must contract at his own expense for the carriage of the goods from the named port of shipment.

b) Contract of insurance

No obligation

B4 Taking delivery

The buyer must take delivery of the goods when they have been delivered in accordance with A4.

B5 Transfer of risks

The buyer must bear all risks of loss of or damage to the goods

- ◆ from the time they have passed the ship's rail at the named port of shipment ; and
- ◆ from the agreed date or the expiry date of any agreed period for delivery which arise because he fails to give notice in accordance with B7, or because the vessel nominated by him fails to arrive on time, or is unable to take the goods, or closes for cargo earlier than the time notified in accordance with B7, provided, however, that the goods have been duly appropriated to the contract, that is to say, clearly set aside or otherwise identified as the contract goods.

B6 Division of costs

The buyer must pay

- ◆ all costs relating to the goods from the time they have passed the ship's rail at the named port of shipment ; and
- ◆ any additional costs incurred, either because the vessel nominated by him fails to arrive on time, or is unable to take the goods, or closes for cargo earlier than the time notified in accordance with B7, or because the buyer has failed to give appropriate notice in accordance with B7, provided, however, that the goods have been duly appropriated to the contract, that is to say, clearly set aside or otherwise identified as the contract goods; and
- ◆ where applicable, all duties, taxes and other charges as well as the costs of carrying out customs formalities payable upon import of the goods and for their transit through any country.

B7 Notice to the seller

The buyer must give the seller sufficient notice of the vessel name, loading point and required delivery time.

B8 Proof of delivery, transport document or equivalent electronic message.

The buyer must accept the proof of delivery in accordance with A8.

B9 Inspection of goods

The buyer must pay the costs of any pre-shipment inspection, except when such inspection is mandated by the authorities of the country of export.

B10 Other obligations

The buyer must pay all costs and charges incurred in obtaining the documents or equivalent electronic messages mentioned in A10 and reimburse those incurred by the seller in rendering his assistance in accordance therewith.

CFR

COST AND FREIGHT (...named port of destination): “Cost and Freight” means that the seller delivers when the goods pass the ship’s rail in the port of shipment. The seller must pay the costs and freight necessary to bring the goods to the named port of destination BUT the risk of loss of or damage to the goods, as well as any additional costs due to events occurring after the time of delivery, are transferred from the seller to the buyer. The CFR term requires the seller to clear the goods for export. This term can be used only for sea and inland waterway transport. If the parties do not intend to deliver the goods across the ship’s rail, the CPT term should be used.

A. THE SELLER’S OBLIGATIONS

A1 Provisions of goods in conformity with the contract

The seller must provide the goods and the commercial invoice, or its equivalent electronic message, in conformity with the contract of sale and any other evidence of conformity which may be required by the contract.

A2 Licences, authorizations and formalities

The seller must obtain at his own risk and expense any export licence or other official authorization and carry out, where applicable, all customs formalities necessary for the export of the goods.

A3 Contracts of carriage and insurance

a) Contract of carriage

The seller must contract on usual terms at his own expense for the carriage of the goods to the named port of destination by the usual route in a seagoing vessel (or inland waterway vessel as the case may be) of the type normally used for the transport of goods of the contract description.

b) Contract of insurance

No obligation

A4 Delivery

The seller must deliver the goods onboard the vessel at the port of shipment on the date or within the agreed period.

A5 Transfer of risks

The seller must, subject to the provisions of B5, bear all risks of loss of or damage to the goods until such time as they have passed the ship's rail at the port of shipment.

A6 Division of costs

The seller must, subject to the provisions of B6, pay

- ◆ all costs relating to the goods until such time as they have been delivered in accordance with A4 ; and
- ◆ the freight and all other costs resulting from A3 a), including the costs of loading the goods on board and any charges for unloading at the agreed port of discharge which were for the seller's account under the contract of carriage; and
- ◆ where applicable, the costs of customs formalities necessary for export as well as all duties, taxes, and other charges payable upon export, and for their transit through any country if they were for the seller's account under the contract of carriage.

A7 Notice to the buyer

The seller must give the buyer sufficient notice that the goods have been delivered in accordance with A4 as well as any other notice required in order to allow the buyer to take measures which are normally necessary to enable him to take the goods.

A8 Proof of delivery, transport document of equivalent electronic message

The seller must at his own expense provide the buyer without delay with the usual transport document for the agreed port of destination. This document (for example a negotiable bill of lading, a non-negotiable sea waybill or an inland waterway document) must cover the contract goods, be dated within the period agreed for shipment, enable the buyer to claim the goods from the carrier at the port of destination and, unless otherwise agreed, enable the buyer to sell the goods in transit by the transfer of the document to a subsequent buyer (the negotiable bill of lading) or by notification to the carrier. When such a transport document is issued in several originals, a full set of originals must be presented to the buyer. When the seller and the buyer have agreed to communicate electronically, the document referred to in the preceding paragraphs may be replaced by an equivalent electronic data interchange (EDI) message.

A9 Checking-packaging-marking

The seller must pay the costs of those checking operations (such as checking quality, measuring, weighing, counting) which are necessary for the purpose of delivering the goods in accordance with A4. The seller must provide at his own expense packaging (unless it is usual for the particular trade to ship the goods of the contract description unpacked) which is required for the transport of the goods arranged by him. Packaging is to be marked appropriately.

A10 Other obligations

The seller must render the buyer at the latter's request, risk and expense, every assistance in obtaining any documents or equivalent electronic messages (other than those mentioned in A8) issued or transmitted in the country of shipment and/or of origin which the buyer may require for the import of the goods and, where necessary, for their transit through any country. The seller must provide the buyer, upon request, with the necessary information for procuring insurance.

B. THE BUYER'S OBLIGATIONS

B1 Payment of the price

The buyer must pay the price as provided in the contract of sale.

B2 Licences, authorizations and formalities

The buyer must obtain at his own risk and expense any import licence or other official authorization and carry out, where applicable, all customs formalities for the import of the goods and for their transit through any country.

B3 Contracts of carriage and insurance

a) Contract of carriage

No obligation.

b) Contract of insurance

No obligation.

B4 Taking delivery

The buyer must accept delivery of the goods when they have been delivered in accordance with A4 and receive them from the carrier at the named port of destination.

B5 Transfer of risks

The buyer must bear all risks of loss of or damage to the goods from the time they have passed the ship's rail at the port of shipment.

The buyer must, should he fail to give notice in accordance with B7, bear all risks of loss of or damage to the goods from the agreed

date or the expiry date of the period fixed for shipment provided, however, that the goods have been duly appropriated to the contract, that is to say, clearly set aside or otherwise identified as the contract goods.

B6 Division of costs

The buyer must, subject to the provisions of A3 a), pay

- ◆ all costs relating to the goods from the time they have been delivered in accordance with A4 ; and
- ◆ all costs and charges relating to the goods whilst in transit until their arrival at the port of destination, unless such costs and charges were for the seller's account under the contract of carriage ; and
- ◆ unloading costs including lighterage and wharfage charges, unless such costs and charges were for the seller's account under the contract of carriage ; and
- ◆ all additional costs incurred if he fails to give notice in accordance with B7, for the goods from the agreed date or the expiry date of the period fixed for shipment, provided, however, that the goods have been duly appropriated to the contract, that is to say, clearly set aside or otherwise identified as the contract goods; and
- ◆ where applicable, all duties, taxes and other charges as well as the costs of carrying out customs formalities payable upon import of the goods and, where necessary, for their transit through any country unless included within the cost of the contract of carriage.

B7 Notice to the seller

The buyer must, whenever he is entitled to determine the time for shipping the goods and/or the port of destination, give the seller sufficient notice thereof.

B8 Proof of delivery, transport document or equivalent electronic message

The buyer must accept the transport document in accordance with A8 if it is in conformity with the contract.

B9 Inspection of goods

The buyer must pay the costs of any pre-shipment inspection, except when such inspection is mandated by the authorities of the country of export.

B10 Other obligations

The buyer must pay all costs and charges incurred in obtaining the documents or equivalent electronic messages mentioned in A10 and reimburse those incurred by the seller in rendering his assistance in accordance therewith.

CIF

COST INSURANCE AND FREIGHT (...named port of destination):

“Cost, Insurance and Freight” means that the seller delivers when the goods pass the ship’s rail in the port of shipment. The seller must pay the costs and freight necessary to bring the goods to the named port of destination BUT the risk of loss of or damage to the goods, as well as any additional costs due to events occurring after the time of delivery, are transferred from the seller to the buyer. However, in CIF the seller also has to procure marine insurance against the buyer’s risk of loss of or damage to the goods during the carriage. Consequently, the seller contracts for insurance and pays the insurance premium. The buyer should note that under the CIF term the seller is required to obtain insurance only on minimum cover. Should the buyer wish to have the protection of greater cover, he would either need to agree as much expressly with the seller or to make his own extra insurance arrangements. The CIF term requires the seller to clear the goods for export. This term can be used only for sea and inland waterway transport. If the parties do not intend to deliver the goods across the ship’s rail, the CIP term should be used.

A. THE SELLER’S OBLIGATIONS

A1 Provision of the goods in conformity with the contract

The seller must provide the goods and the commercial invoice, or its equivalent electronic message, in conformity with the contract of sale and any other evidence of conformity which may be required by the contract.

A2 Licences, authorizations and formalities

The seller must obtain at his own risk and expense any export or other official authorization and carry out, where applicable, all customs formalities necessary for the export of the goods.

A3 Contracts of carriage and insurance

a) Contract of carriage

The seller must contract on usual terms at his own expense for the carriage of the goods to the named port of destination by the usual route in a seagoing vessel (or inland waterway vessel as the case may be) of the type normally used for the transport of goods of the contract description.

b) Contract of insurance

The seller must obtain at his own expense cargo insurance as agreed in the contract such that the buyer or any other person having an insurable interest in the goods shall be entitled to claim directly from the insurer and provide the buyer with the insurance policy or other evidence of insurance cover. The insurance shall be contracted with underwriters or an insurance company of good repute and, failing express agreement to the contrary, be in accordance with minimum cover of the Institute Cargo Clauses (Institute of London Underwriters) or any similar set of clauses. The duration of insurance cover shall be in accordance with B5 and B4. When required by the buyer, the seller shall provide at the buyer's expense war, strikes, riots and civil commotion risk insurances if procurable. The minimum insurance shall cover the price provided in the contract plus ten per cent (i.e. 110%) and shall be provided in the currency of the contract.

A4 Delivery

The seller must deliver the goods on board the vessel at the port of shipment on the date or within the period agreed for delivery.

A5 Transfer of risks

The seller must, subject to the provisions of B5, bear all risks of loss of or damage to the goods until such time as they passed the ship's rail. at the port of shipment.

A6 Division of costs

The seller must, subject to the provisions of B6, pay

- ◆ all costs relating to the goods until such time as they have been delivered in accordance with A4 ; and
- ◆ the freight and all other costs the costs resulting from A3 a), including the costs of loading the goods on board; and
- ◆ the costs of insurance resulting from A3 b); and
- ◆ any charges of unloading at the agreed port of discharge which were for the seller's account under the contract of carriage; and
- ◆ where applicable, the costs of customs formalities necessary for export as well as all duties, taxes and other charges payable upon export, and for their transit through any country if they were for the seller's account under the contract of carriage.

A7 Notice to the buyer

The seller must give the buyer sufficient notice that the goods have been delivered in accordance with A4 as well as any other notice required in order to allow the buyer to take measures which are normally necessary to enable him to take the goods.

A8 Proof of delivery, transport document or equivalent electronic message

The seller must, at his own expense, provide the buyer without delay with the usual transport document for the agreed port of destination. This document (for example a negotiable bill of lading, a non-negotiable sea waybill or an inland waterway document) must cover the contract goods, be dated within the period agreed for shipment, enable the buyer to claim the goods from the carrier at the port of destination and, unless otherwise agreed, enable the buyer to sell the goods in transit by the transfer of the document to a subsequent buyer (the negotiable bill of lading) or by notification to the carrier. When such a transport document is issued in several originals, a full set of originals must be presented to the buyer. When the seller and the buyer have agreed to communicate electronically, the document referred to in the preceding paragraphs may be replaced by an equivalent electronic data interchange (EDI) message.

A9 Checking - packaging - marking

The seller must pay the costs of those checking operations (such as checking quality, measuring, weighing, counting which are necessary for the purpose of delivering the goods in accordance with A4. The seller must provide at his own expense packaging (unless it is usual for the particular trade to deliver the goods of the contract description unpacked) which is required for the delivery of the goods. Packaging is to be marked appropriately.

A10 Other obligations

The seller must render the buyer at the latter's request, risk and expense, every assistance in obtaining any documents or equivalent electronic messages (other than those mentioned in A8) issued or transmitted in the country of shipment and/or of origin which the buyer may require for the import of the goods and, where necessary, for their transit through any country. The seller must provide the buyer, upon request, with the necessary information for procuring insurance.

B. THE BUYER'S OBLIGATIONS

B1 Payment of the price

The buyer must pay the price as provided in the contract of sale.

B2 Licences, authorizations and formalities

The buyer must obtain at his own risk and expense any import licence or other official authorization and carry out, where applicable, all customs formalities for the import of the goods and for their transit through any country.

B3 Contracts of carriage and insurance

a) Contract of carriage

No obligation.

b) Contract of insurance

No obligation.

B4 Taking delivery

The buyer must accept delivery of the goods when they have been delivered in accordance with A4 and receive the m from the carrier at the named port of destination.

B5 Transfer of risks

The buyer must bear the risks of loss of or damage to the goods from the time they have passed the ship's rail at the port of shipment. The buyer must, should he fail to fulfil his obligation in accordance with B7, bear all risks of loss of or damage to the goods from the agreed date or the expiry date of the period fixed for shipment provided, however, that the goods have been duly appropriated to the contract, that is to say, clearly set aside or otherwise identified as the contract goods.

B6 Division of costs

The buyer must, subject to the provisions of A3, pay

- ◆ all costs relating to the goods from the time they have been delivered in accordance with A4 ; and
- ◆ all costs and charges relating to the goods whilst in transit until their arrival at the port of destination, unless such costs and charges were for the seller's account under the contract of carriage; and
- ◆ unloading costs including lighterage and wharfage charges, unless such costs were for the seller's account under the contract of carriage; and
- ◆ all additional costs incurred if he fails to give notice in accordance with B7, for the goods from the agreed date or the expiry date of the period fixed for shipment, provided, however,

that the goods have been duly appropriated to the contract, that is to say, clearly set aside or otherwise identified as the contract goods; and

- ◆ where applicable, all duties , taxes or other charges as well as the costs of carrying out customs formalities payable upon import of the goods and, where necessary, for their transit through any country unless included within the cost of the contract of carriage.

B7 Notice to the seller

The buyer must, whenever he is entitled to determine the time for shipping the goods and/or the port of destination, give the seller sufficient notice thereof.

B8 Proof of delivery, transport document or equivalent electronic message

The buyer must accept the transport document in accordance with A8 if it is in conformity with the contract.

B9 Inspection of goods

The buyer must pay the costs of any pre-shipment inspection except when such inspection is mandated by the authorities of the country of export.

B10 Other obligations

The buyer must pay all costs and charges incurred in obtaining the documents or equivalent electronic messages mentioned in A10 and reimburse those incurred by the seller in rendering his assistance in accordance therewith. The buyer must provide the seller, upon request, with the necessary information for procuring insurance.

CPT

CARRIAGE PAID TO (...named place of destination): "Carriage paid to..." means that the seller delivers the goods to the carrier nominated by him but the seller must in addition pay the cost of carriage necessary to bring the goods to the named destination. This means that the buyer bears all risks and any other costs occurring after the goods have been so delivered. "Carrier" means any person who, in a contract of carriage, undertakes to perform or to procure the performance of transport, by rail, road, air, sea, inland waterway or by a combination of such modes. If subsequent carriers are used for the carriage to the agreed destination, the risk passes when the goods have been delivered to the first carrier. The CPT term requires the seller to clear the goods for export. This

term may be used irrespective of the mode of transport including multimodal transport.

A. THE SELLER'S OBLIGATIONS

A1 Provision of the goods in conformity with the contract

The seller must provide the goods and the commercial invoice, or its equivalent electronic message, in conformity with the contract of sale and any other evidence of conformity which may be required by the contract.

A2 Licences, authorizations and formalities

The seller must obtain at his own risk and expense any export licence and other official authorization and carry out, where applicable, all customs formalities necessary for the export of the goods.

A3 Contracts of carriage and insurance

a) Contract of carriage

The seller must contract on usual terms at his own expense for the carriage of the goods to the agreed point at the named place of destination by a usual route and in a customary manner. If a point is not agreed or is not determined by practice, the seller may select the point at the named place of destination which best suits his purpose.

b) Contract of insurance

No obligation.

A4 Delivery

The seller must deliver the goods to the carrier contracted in accordance with A3 or, if there are subsequent carriers to the first carrier, for transport to the agreed point at the named place of destination on the date or within the agreed period.

A5 Transfer of risks

The seller must, subject to the provisions of B5, bear all risks of loss of or damage to the goods until such time as they have been delivered in accordance with A4.

A6 Division of costs

The seller must, subject to the provisions of B6, pay

- ◆ all costs relating to the goods until such time as they have been delivered in accordance with A4 as well as the freight and all other costs resulting from A3 a), including the costs of loading the goods and any charges for unloading at the place of destination which were for the seller's account under the contract of carriage; and

- ◆ where applicable, the costs of customs formalities necessary for export as well as all duties, taxes and other charges payable upon export, and for their transit through any country if they were for the seller's account under the contract of carriage.

A7 Notice to the buyer

The seller must give the buyer sufficient notice that the goods have been delivered in accordance with A4 as well as any other notice required in order to allow the buyer to take measures which are normally necessary to enable him to take the goods.

A8 Proof of delivery, transport document or equivalent electronic message

The seller must provide the buyer at the seller's expense, if customary, with the usual transport document or documents (for example a negotiable bill of lading, a non-negotiable sea waybill, an inland waterway document, an air waybill, a railway consignment note, a road consignment note, or a multimodal transport document) for the transport contracted in accordance with A3. Where the seller and the buyer have agreed to communicate electronically, the document referred to in the preceding paragraph may be replaced by an equivalent electronic data interchange (EDI) message.

A9 Checking - packaging - marking

The seller must pay the costs of those checking operations (such as checking quality, measuring, weighing, counting) which are necessary for the purpose of delivering the goods in accordance with A4. The seller must provide at his own expense packaging (unless it is usual for the particular trade to deliver the goods of the contract description unpacked) which is required for the transport of the goods arranged by him. Packaging is to be marked appropriately.

A10 Other obligations

The seller must render the buyer at the latter's request, risk and expense, every assistance in obtaining any documents or equivalent electronic messages (other than those mentioned in A8) issued or transmitted in the country of dispatch and/or of origin which the buyer may require for the import of the goods and for their transit through any country. The seller must provide the buyer, upon request, with the necessary information for procuring insurance.

B. THE BUYER'S OBLIGATIONS

B1 Payment of the price

The buyer must pay the price as provided in the contract of sale.

B2 Licences, authorizations and formalities

The buyer must obtain at his own risk and expense any import licence or other official authorization or other documents and carry out, where applicable, all customs formalities necessary for the import of the goods and for their transit through any country.

B3 Contracts of carriage and insurance

a) Contract of carriage

No obligation.

b) Contract of insurance

No obligation.

B4 Taking delivery

The buyer must accept delivery of the goods when they have been delivered in accordance with A4 and receive them from the carrier at the named place.

B5 Transfer of risks

The buyer must bear all risks of loss of or damage to the goods from the time they have been delivered in accordance with A4.

The buyer must, should he fail to give notice in accordance with B7, bear all risks of loss of or damage to the goods from the agreed date or the expiry date of the agreed period for delivery provided, however, that the goods have been duly appropriated to the contract, that is to say, clearly set aside or otherwise identified as the contract goods.

B6 Division of costs

The buyer must subject to the provisions of A3 a), pay

- ◆ all costs relating to the goods from the time they have been delivered in accordance with A4; and
- ◆ all costs and charges relating to the goods whilst in transit until their arrival at the agreed place of destination, unless such costs and charges were for the seller's account under the contract of carriage; and
- ◆ unloading costs unless such costs and charges were for the seller's account under the contract of carriage; and
- ◆ all additional costs incurred if he fails to give notice in accordance with B7, for the goods from the agreed date or the expiry date of the period fixed for dispatch, provided, however, that the goods have been duly appropriated to the contract, that is to say, clearly set aside or otherwise identified as the

contract goods; and

- ◆ where applicable, all duties, taxes and other charges as well as the costs of carrying out customs formalities payable upon import of the goods and for their transit through any country unless included within the cost of the contract of carriage.

B7 Notice to the seller

The buyer must, whenever he is entitled to determine the time for dispatching the goods and/or the destination, give the seller sufficient notice thereof.

B8 Proof of delivery, transport document or equivalent electronic message

The buyer must accept the transport document in accordance with A8 if it is in conformity with the contract.

B9 Inspection of goods

The buyer must pay the costs of any pre-shipment inspection except when such inspection is mandated by the authorities of the country of export.

B10 Other obligations

The buyer must pay all costs and charges incurred in obtaining the documents or equivalent electronic messages mentioned in A10 and reimburse those incurred by the seller in rendering his assistance in accordance therewith.

CIP

CARRIAGE AND INSURANCE PAID TO (...named place of destination): "Carriage and Insurance paid to..." means that the seller delivers the goods to the carrier nominated by him, but the seller must in addition pay the cost of carriage necessary to bring the goods to the named destination. This means that the buyer bears all risks and any additional costs occurring after the goods have been so delivered. However, in CIP the seller also has to procure insurance against the buyer's risk of loss of or damage to the goods during the carriage. Consequently, the seller contracts for insurance and pays the insurance premium. The buyer should note that under the CIP term the seller is required to obtain insurance only on minimum cover. Should the buyer wish to have the protection of greater cover, he would either need to agree as much expressly with the seller or to make his own extra insurance arrangements. "Carrier" means any person who, in a contract of carriage, undertakes to perform or to procure the performance of

transport, by rail, road, air, sea, inland waterway or by a combination of such modes. If subsequent carriers are used for the carriage to the agreed destination, the risk passes when the goods have been delivered to the first carrier. The CIP term requires the seller to clear the goods for export. This term may be used irrespective of the mode of transport including multimodal transport.

A. THE SELLER'S OBLIGATIONS

A1 Provision of the goods in conformity with the contract

The seller must provide the goods and the commercial invoice, or its equivalent electronic message, in conformity with the contract of sale and any other evidence of conformity which may be required by the contract.

A2 Licences, authorizations and formalities

The seller must obtain at his own risk and expense any export licence and other official authorization and carry out, where applicable, all customs formalities necessary for the export of the goods.

A3 Contracts of carriage and insurance

a) Contract of carriage

The seller must contract on usual terms at his own expense for the carriage of the goods to the agreed point at the named place of destination by a usual route and in a customary manner. If a point is not agreed or is not determined by practice, the seller may select the point at the named place of destination which best suits his purpose.

b) Contract of insurance

The seller must obtain at his own expense cargo insurance as agreed in the contract, such that the buyer, or any other person having an insurable interest in the goods, shall be entitled to claim directly from the insurer and provide the buyer with the insurance policy or other evidence of insurance cover.

The insurance shall be contracted with underwriters or an insurance company of good repute and, failing express agreement to the contrary, be in accordance with minimum cover of the Institute Cargo Clauses (Institute of London Underwriters) or any similar set of clauses. The duration of insurance cover shall be in accordance with B5 and B4. When required by the buyer, the seller shall provide at the buyer's expense war, strikes, riots and civil commotion risk insurances if procurable. The minimum insurance shall cover the price provided in the contract plus ten

per cent (i.e. 110%) and shall be provided in the currency of the contract.

A4 Delivery

The seller must deliver the goods to the carrier contracted in accordance with A3 or, if there are subsequent carriers to the first carrier, for transport to the agreed point at the named place of destination on the date or within the agreed period.

A5 Transfer of risks

The seller must, subject to the provisions of B5, bear all risks of loss of or damage to the goods until such time as they have been delivered in accordance with A4.

A6 Division of costs

The seller must, subject to the provisions of B6, pay

- ◆ all costs relating to the goods until such time as they have been delivered in accordance with A4 as well as the freight and all other costs resulting from A3 a), including the costs of loading the goods and any charges for unloading at the place of destination which were for the seller's account under the contract of carriage; and
- ◆ the costs of insurance resulting from A3 b); and
- ◆ where applicable, the costs of customs formalities necessary for export as well as all duties, taxes and other charges payable upon export, and for their transit through any country if they were for the seller's account under the contract of carriage.

A7 Notice to the buyer

The seller must give the buyer sufficient notice that the goods have been delivered in accordance with A4 as well as any other notice required in order to allow the buyer to take measures which are normally necessary to enable him to take the goods.

A8 Proof of delivery, transport document or equivalent electronic message

The seller must provide the buyer at the seller's expense, if customary, with the usual transport document or documents (for example a negotiable bill of lading, a non-negotiable sea waybill, an inland waterway document, an air waybill, a railway consignment note, a road consignment note, or a multimodal transport document) for the transport contracted in accordance with A3. Where the seller and the buyer have agreed to communicate electronically, the document referred to in the preceding paragraph may be replaced by an equivalent electronic data interchange (EDI) message.

A9 Checking - packaging - marking

The seller must pay the costs of those checking operations (such as checking quality, measuring, weighing, counting) which are necessary for the purpose of delivering the goods in accordance with A4. The seller must provide at his own expense packaging (unless it is usual for the particular trade to deliver the goods of the contract description unpacked) which is required for the transport of the goods arranged by him. Packaging is to be marked appropriately.

A10 Other obligations

The seller must render the buyer at the latter's request, risk and expense, every assistance in obtaining any documents or equivalent electronic messages (other than those mentioned in A8) issued or transmitted in the country of dispatch and/or of origin which the buyer may require for the import of the goods and for their transit through any country. The seller must provide the buyer, upon request, with the necessary information for procuring insurance.

B. THE BUYER'S OBLIGATIONS

B1 Payment of the price

The buyer must pay the price as provided in the contract of sale.

B2 Licences, authorizations and formalities

The buyer must obtain at his own risk and expense any import licence or other official authorization or other documents and carry out, where applicable, all customs formalities necessary for the import of the goods and for their transit through any country.

B3 Contracts of carriage and insurance

a) Contract of carriage

No obligation.

b) Contract of insurance

No obligation.

B4 Taking delivery

The buyer must accept delivery of the goods when they have been delivered in accordance with A4 and receive them from the carrier at the named place.

B5 Transfer of risks

The buyer must bear all risks of loss of or damage to the goods from the time they have been delivered in accordance with A4.

The buyer must, should he fail to give notice in accordance with

B7, bear all risks of loss of or damage to the goods from the agreed date or the expiry date of the agreed period for delivery provided, however, that the goods have been duly appropriated to the contract, that is to say, clearly set aside or otherwise identified as the contract goods.

B6 Division of costs

The buyer must subject to the provisions of A3 a), pay

- ◆ all costs relating to the goods from the time they have been delivered in accordance with A4; and
- ◆ all costs and charges relating to the goods whilst in transit until their arrival at the agreed place of destination, unless such costs and charges were for the seller's account under the contract of carriage; and
- ◆ unloading costs unless such costs and charges were for the seller's account under the contract of carriage; and
- ◆ all additional costs incurred if he fails to give notice in accordance with B7, for the goods from the agreed date or the expiry date of the period fixed for dispatch, provided, however, that the goods have been duly appropriated to the contract, that is to say, clearly set aside or otherwise identified as the contract goods; and
- ◆ where applicable, all duties, taxes and other charges as well as the costs of carrying out customs formalities payable upon import of the goods and for their transit through any country unless included within the cost of the contract of carriage.

B7 Notice to the seller

The buyer must, whenever he is entitled to determine the time for dispatching the goods and/or the destination, give the seller sufficient notice thereof.

B8 Proof of delivery, transport document or equivalent electronic message

The buyer must accept the transport document in accordance with A8 if it is in conformity with the contract.

B9 Inspection of goods

The buyer must pay the costs of any pre-shipment inspection except when such inspection is mandated by the authorities of the country of export.

B10 Other obligations

The buyer must pay all costs and charges incurred in obtaining the documents or equivalent electronic messages mentioned in A10 and reimburse those incurred by the seller in rendering his assistance in accordance therewith. The buyer must provide the seller, upon request, with the necessary information for procuring any additional insurance.

DAF

DELIVERED AT FRONTIER (...named place): "Delivered at Frontier" means that the seller delivers when the goods are placed at the disposal of the buyer on the arriving means of transport not unloaded, cleared for export, but not cleared for import at the named point and place at the frontier, but before the customs border of the adjoining country. The term "frontier" may be used for any frontier including that of the country of export. Therefore, it is of vital importance that the frontier in question be defined precisely by always naming the point and place in the term. However, if the parties wish the seller to be responsible for the unloading of the goods from the arriving means of transport and to bear the risks and costs of unloading, this should be made clear by adding explicit wording to this effect in the contract of sale. This term may be used irrespective of the mode of transport when goods are to be delivered at a land frontier. When delivery is to take place in the port of destination, on board a vessel or on the quay (wharf), the DES or DEQ terms should be used.

A. THE SELLER'S OBLIGATIONS

A1 Provision of the goods in conformity with the contract

The seller must provide the goods and the commercial invoice, or its equivalent electronic message, in conformity with the contract of sale and any other evidence of conformity which may be required by the contract.

A2 Licences, authorizations and formalities

The seller must obtain at his own risk and expense any export licence or other official authorization or other documents necessary for placing the goods at the buyer's disposal. The seller must carry out, where applicable, all customs formalities necessary

for the export of the goods to the named place of delivery at the frontier and for their transit through any country.

A3 Contracts of carriage and insurance

a) Contract of carriage

1. The seller must contract at his own expense for the carriage of the goods to the named point, if any, at the place of delivery at the frontier. If a point at the named place of delivery at the frontier is not agreed or is not determined by practice, the seller may select the point at the named place of delivery which best suits his purpose.

2. However, if requested by the buyer, the seller may agree to contract on usual terms at the buyer's risk and expense for the ongoing carriage of the goods beyond the frontier to the final destination in the country of import named by the buyer. The seller may decline to make the contract and, if he does, shall promptly notify the buyer accordingly.

b) Contract of insurance

No obligation.

A4 Delivery

The seller must place the goods at the disposal of the buyer on the arriving means of transport not unloaded at the named place of delivery at the frontier on the date or within the agreed period.

A5 Transfer of risks

The seller must, subject to the provisions of B5, bear all risks of loss of or damage to the goods until such time as they have been delivered in accordance with A4.

A6 Division of costs

The seller must, subject to the provisions of B6, pay

- ◆ in addition to costs resulting from A3 a), all costs relating to the goods until such time as they have been delivered in accordance with A4 ; and
- ◆ where applicable, the costs of customs formalities necessary for export as well as all duties, taxes and other charges payable upon export of the goods, and for their transit through any country prior to delivery in accordance with A4.

A7 Notice to the buyer

The seller must give the buyer sufficient notice of the dispatch of the goods to the named place at the frontier as well as any other notice required in order to allow the buyer to take measures which are normally necessary to enable him to take delivery of the goods.

A8 Proof of delivery, transport document or equivalent electronic message

1. The seller must provide the buyer at the seller's expense with the usual document or other evidence of the delivery of the goods at the named place at the frontier in accordance with A3 1).

2. The seller must, should the parties agree on on-going carriage beyond the frontier in accordance with A3 a) 2), provide the buyer at the latter's request, risk and expense, with the through document of transport normally obtained in the country of dispatch covering on usual terms the transport of the goods from the point of dispatch in that country to the place of final destination in the country of import named by the buyer.

Where the seller and the buyer have agreed to communicate electronically, the document referred to in the preceding paragraph may be replaced by an equivalent electronic data interchange (EDI) message.

A9 Checking - packaging - marking

The seller must pay the costs of those checking operations (such as checking quality, measuring, weighing, counting) which are necessary for the purpose of delivering the goods in accordance with A4.

The seller must provide at his own expense packaging (unless it is usual for the particular trade to deliver the goods of the contract description unpacked) which is required for the delivery of the goods at the frontier and for the subsequent transport to the extent that the circumstances (for example modalities, destination) are made known to the seller before the contract of sale is concluded. Packaging is to be marked appropriately.

A10 Other obligations

The seller must render the buyer at the latter's request, risk and expense, every assistance in obtaining any documents or equivalent electronic messages (other than those mentioned in A8) issued or transmitted in the country of dispatch and/or of origin which the buyer may require for the import of the goods and, where necessary, for their transit through any country.

The seller must provide the buyer, upon request, with the necessary information for procuring insurance.

B. THE BUYER'S OBLIGATIONS

B1 Payment of the price

The buyer must pay the price as provided in the contract of sale.

B2 Licences, authorizations and formalities

The buyer must obtain at his own risk and expense any import licence or official authorization or other documents and carry out, where applicable, all customs formalities necessary for the import of the goods, and for their subsequent transport.

B3 Contracts of carriage and insurance

a) Contract of carriage

No obligation.

b) Contract of insurance

No obligation.

B4 Taking delivery

The buyer must take delivery of the goods when they have been delivered in accordance with A4.

B5 Transfer of risks

The buyer must bear all risks of loss of or damage to the goods from the time they have been delivered in accordance with A4.

The buyer must, should he fail to give notice in accordance with B7, bear all risks of loss of or damage to the goods from the agreed date or the expiry date of the agreed period for delivery provided, however, that the goods have been duly appropriated to the contract, that is to say, clearly set aside or otherwise identified as the contract goods.

B6 Division of costs

The buyer must pay

- ◆ all costs relating to the goods from the time they have been delivered in accordance with A4, including the expenses of unloading necessary to take delivery of the goods from the arriving means of transport at the named place of delivery at the frontier; and
- ◆ all additional costs incurred if he fails to take delivery of the goods when they have been delivered in accordance with A4, or to give notice in accordance with B7, provided, however, that the goods have been duly appropriated to the contract, that is to say, clearly set aside or otherwise identified as the contract goods.
- ◆ where applicable, the costs of customs formalities as well as all duties, taxes and other charges payable upon import of the goods and for their subsequent transport.

B7 Notice to the seller

The buyer must, whenever he is entitled to determine the time within an agreed period and/or the point of taking delivery in the named port of destination, give the seller sufficient notice thereof.

B8 Proof of delivery, transport document or equivalent electronic message

The buyer must accept the appropriate delivery order or transport document in accordance with A8.

B9 Inspection of goods

The buyer must pay the costs of any pre-shipment inspection except when such inspection is mandated by the authorities of the country of export.

B10 Other obligations

The buyer must pay all costs and charges incurred in obtaining the documents or equivalent electronic messages mentioned in A10 and reimburse those incurred by the seller in rendering his assistance in accordance therewith.

If necessary, according to A3 a) 2), the buyer must provide the seller at his request and the buyer's risk and expense with the exchange control authorization, permits, other documents or certified copies thereof, or with the address of the final destination of the goods in the country of import for the purpose of obtaining the through document of transport or any other document contemplated in A8 2).

DES

DELIVERED EX SHIP (...named port of destination): "Delivered Ex Ship" means that the seller delivers when the goods are placed at the disposal of the buyer onboard the ship not cleared for import at the named port of destination. The seller has to bear all the costs and risks involved in bringing the goods to the named port of destination before discharging. If the parties wish the seller to bear the risks of discharging the goods, then the DEQ term should be used. This term should not be used if the seller is unable directly or indirectly to obtain the import licence. This term can be used only when the goods are to be delivered by sea or inland waterway or multimodal transport on a vessel in the port of destination.

A. THE SELLER'S OBLIGATIONS

A1 Provision of the goods in conformity with the contract

The seller must provide the goods and the commercial invoice, or its equivalent electronic message, in conformity with the contract of sale and any other evidence of conformity which may be required by the contract.

A2 Licences, authorizations and formalities

The seller must obtain at his own risk and expense any export licence or other official authorization or other documents and carry out, where applicable, all customs formalities necessary for the export of the goods and for their transit through any country.

A3 Contracts of carriage and insurance

a) Contract of carriage

The seller must contract at his own expense for the carriage of the goods to the named point, if any, at the named port of destination. If a point is not agreed or is not determined by practice, the seller may select the point at the named port of destination which best suits his purpose.

b) Contract of insurance

No obligation.

A4 Delivery

The seller must place the goods at the disposal of the buyer on board the vessel at the unloading point referred to in A3 a), in the named port of destination on the date or within the agreed period, in such a way as to enable him them to be removed from the vessel by unloading equipment appropriate to the nature of the goods.

A5 Transfer of risks

The seller must, subject to the provisions of B5, bear all risks of loss of or damage to the goods until such time as they have been delivered in accordance with A4.

A6 Division of costs

The seller must, subject to the provisions of B6, pay

- ◆ in addition to costs resulting from A3 a), all costs relating to the goods until such time as they have been delivered in accordance with A4 ; and
- ◆ where applicable, the costs of customs formalities necessary for export as well as all duties, taxes and other charges payable upon export of the goods, and for their transit through any country prior to delivery in accordance with A4.

A7 Notice to the buyer

The seller must give the buyer sufficient notice of the estimated time of arrival of the nominated vessel in accordance with A4, as well as any other notice required in order to allow the buyer to take measures which are normally necessary to enable him to take delivery of the goods.

A8 Proof of delivery, transport document or equivalent electronic message

The seller must provide the buyer at the seller's expense with the delivery order and/or the usual transport document (for example a negotiable bill of lading, a non-negotiable sea waybill, an inland waterway document, or a multimodal transport document) to enable the buyer to claim the goods from the carrier at the port of destination. Where the seller and the buyer have agreed to communicate electronically, the document referred to in the preceding paragraph may be replaced by an equivalent electronic data interchange (EDI) message.

A9 Checking - packaging - marking

The seller must pay the costs of those checking operations (such as checking quality, measuring, weighing, counting) which are necessary for the purpose of delivering the goods in accordance with A4.

The seller must provide at his own expense packaging (unless it is usual for the particular trade to deliver the goods of the contract description unpacked) which is required for the delivery of the goods. Packaging is to be marked appropriately.

A10 Other obligations

The seller must render the buyer at the latter's request, risk and expense, every assistance in obtaining any documents or equivalent electronic messages (other than those mentioned in A8) issued or transmitted in the country of dispatch and/or of origin which the buyer may require for the import of the goods.

The seller must provide the buyer, upon request, with the necessary information for procuring insurance.

B. THE BUYER'S OBLIGATIONS

B1 Payment of the price

The buyer must pay the price as provided in the contract of sale.

B2 Licences, authorizations and formalities

The buyer must obtain at his own risk and expense any import licence or official authorization or other documents and carry out,

where applicable, all customs formalities necessary for the import of the goods.

B3 Contracts of carriage and insurance

a) Contract of carriage

No obligation.

b) Contract of insurance

No obligation.

B4 Taking delivery

The buyer must take delivery of the goods when they have been delivered in accordance with A4.

B5 Transfer of risks

The buyer must bear all risks of loss of or damage to the goods from the time they have been delivered in accordance with A4.

The buyer must, should he fail to give notice in accordance with B7, bear all risks of loss of or damage to the goods from the agreed date or the expiry date of the agreed period for delivery provided, however, that the goods have been duly appropriated to the contract, that is to say, clearly set aside or otherwise identified as the contract goods.

B6 Division of costs

The buyer must pay

- ◆ all costs relating to the goods from the time they have been delivered in accordance with A4, including the expenses of discharge operations necessary to take delivery of the goods from the vessel; and
- ◆ all additional costs incurred if he fails to take delivery of the goods when they have been placed at his disposal in accordance with A4, or to give notice in accordance with B7, provided, however, that the goods have been duly appropriated to the contract, that is to say, clearly set aside or otherwise identified as the contract goods.
- ◆ where applicable, the costs of customs formalities as well as all duties, taxes and other charges payable upon import of the goods.

B7 Notice to the seller

The buyer must, whenever he is entitled to determine the time within an agreed period and/or the point of taking delivery in the named port of destination, give the seller sufficient notice thereof.

B8 Proof of delivery, transport document or equivalent electronic message

The buyer must accept the appropriate delivery order or transport document in accordance with A8.

B9 Inspection of goods

The buyer must pay the costs of any pre-shipment inspection except when such inspection is mandated by the authorities of the country of export.

B10 Other obligations

The buyer must pay all costs and charges incurred in obtaining the documents or equivalent electronic messages mentioned in A10 and reimburse those incurred by the seller in rendering his assistance in accordance therewith.

DEQ

DELIVERED EX QUAY (...named port of destination): “Delivered Ex Quay” means that the seller delivers when the goods are placed at the disposal of the buyer not cleared for import on the quay (wharf) at the named port of destination. The seller has to bear the costs and risks involved in bringing the goods to the named port of destination and discharging the goods on the quay (wharf). The DEQ term requires the buyer to clear the goods for import and to pay for all formalities, duties, taxes and other charges upon import. THIS IS A REVERSAL FROM PREVIOUS INCOTERMS VERSIONS WHICH REQUIRED THE SELLER TO ARRANGE FOR IMPORT CLEARANCE. If the parties wish to include in the seller’s obligations all or part of the costs payable upon import of the goods, this should be made clear by adding explicit wording to this effect in the contract of sale. This term can be used only when the goods are to be delivered by sea or inland waterway or multimodal transport on discharging from a vessel onto the quay (wharf) in the port of destination. However, if the parties wish to include in the seller’s obligations the risks and costs of the handling of the goods from the quay to another place (warehouse, terminal, transport station, etc.) in or outside the port, the DDU or DDP terms should be used.

A. THE SELLER'S OBLIGATIONS

A1 Provision of the goods in conformity with the contract

The seller must provide the goods and the commercial invoice, or its equivalent electronic message, in conformity with the contract of sale and any other evidence of conformity which may be required by the contract.

A2 Licences, authorizations and formalities

The seller must obtain at his own risk and expense any export licence and other official authorization or other documents and carry out, where applicable, all customs formalities necessary for the export of the goods and for their transit through any country.

A3 Contracts of carriage and insurance

a) Contract of carriage

The seller must contract at his own expense for the carriage of the goods to the named quay (wharf) at the named port of destination. If a specific (quay (wharf) is not agreed or is not determined by practice, the seller may select the point at the quay (wharf) at the named port of destination which best suits his purpose.

b) Contract of insurance

No obligation.

A4 Delivery

The seller must place the goods at the disposal of the buyer on the quay (wharf) referred to in A3 a), on the date or within the agreed period.

A5 Transfer of risks

The seller must, subject to the provisions of B5, bear all risks of loss of or damage to the goods until such time as they have been delivered in accordance with A4.

A6 Division of costs

The seller must, subject to the provisions of B6, pay

- in addition to costs resulting from A3 a), all costs relating to the goods until such time as they have been delivered on the quay (wharf) with A4 ; and
- where applicable, the costs of customs formalities necessary for export as well as all duties, taxes and other charges payable upon export of the goods, and for their transit through any country prior to delivery .

A7 Notice to the buyer

The seller must give the buyer sufficient notice of the estimated time of arrival of the nominated vessel in accordance with A4, as well as any other notice required in order to allow the buyer to take measures which are normally necessary to enable him to take delivery of the goods.

A8 Proof of delivery, transport document or equivalent electronic message

The seller must provide the buyer at the seller's expense with the delivery order and/or the usual transport document (for example a negotiable bill of lading, a non-negotiable sea waybill, an inland

waterway document, an air waybill, a railway consignment note, or multimodal transport document) to enable him to take the goods and remove them from the quay (wharf).

Where the seller and the buyer have agreed to communicate electronically, the document referred to in the preceding paragraph may be replaced by an equivalent electronic data interchange (EDI) message.

A9 Checking - packaging - marking

The seller must pay the costs of those checking operations (such as checking quality, measuring, weighing, counting) which are necessary for the purpose of delivering the goods in accordance with A4.

The seller must provide at his own expense packaging (unless it is usual for the particular trade to deliver the goods of the contract description unpacked) which is required for the delivery of the goods. Packaging is to be marked appropriately.

A10 Other obligations

The seller must render the buyer at the latter's request, risk and expense, every assistance in obtaining any documents or equivalent electronic messages (other than those mentioned in A8) issued or transmitted in the country of dispatch and/or of origin which the buyer may require for the import of the goods. The seller must provide the buyer, upon request, with the necessary information for procuring insurance.

B. THE BUYER'S OBLIGATIONS

B1 Payment of the price

The buyer must pay the price as provided in the contract of sale.

B2 Licences, authorizations and formalities

The buyer must obtain at his own risk and expense any import licence or official authorization or other documents and carry out, where applicable, all customs formalities necessary for the import of the goods.

B3 Contracts of carriage and insurance

a) Contract of carriage

No obligation.

b) Contract of insurance

No obligation.

B4 Taking delivery

The buyer must take delivery of the goods when they have been delivered in accordance with A4.

B5 Transfer of risks

The buyer must bear all risks of loss of or damage to the goods from the time they have been delivered in accordance with A4.

The buyer must, should he fail to give notice in accordance with B7, bear all risks of loss of or damage to the goods from the agreed date or the expiry date of the agreed period for delivery provided, however, that the goods have been duly appropriated to the contract, that is to say, clearly set aside or otherwise identified as the contract goods.

B6 Division of costs

The buyer must pay

- all costs relating to the goods from the time they have been delivered in accordance with A4, including any costs of handling the goods in the port for subsequent transport or storage in warehouse or terminal; and
- all additional costs incurred if he fails to take delivery of the goods when they have been placed at his disposal in accordance with A4, or to give notice in accordance with B7, provided, however, that the goods have been duly appropriated to the contract, that is to say, clearly set aside or otherwise identified as the contract goods, and
- where applicable, the costs of customs formalities as well as all duties, taxes and other charges payable upon import of the goods and for their subsequent transport.

B7 Notice to the seller

The buyer must, whenever he is entitled to determine the time within an agreed period and/or the point of taking delivery in the named port of destination, give the seller sufficient notice thereof.

B8 Proof of delivery, transport document or equivalent electronic message

The buyer must accept the appropriate delivery order or transport document in accordance with A8.

B9 Inspection of goods

The buyer must pay the costs of any pre-shipment inspection except when such inspection is mandated by the authorities of the country of export.

B10 Other obligations

The buyer must pay all costs and charges incurred in obtaining any documents or equivalent electronic messages mentioned in A10 and reimburse those incurred by the seller in rendering his assistance in accordance therewith.

DDU

DELIVERED DUTY UNPAID (...named place of destination): "Delivered duty unpaid" means that the seller delivers the goods to the buyer, not cleared for import, and not unloaded from any arriving means of transport at the named place of destination. The seller has to bear the costs and risks involved in bringing the goods thereto, other than, where applicable, any "duty" (which term includes the responsibility of the carrying out of customs formalities, customs duties, taxes and other charges) for import in the country of destination. Such "duty" has to be borne by the buyer as well as any costs and risks caused by his failure to clear the goods for import in time. However, if the parties wish the seller to carry out custom formalities and bear the costs and risks resulting therefrom as well as some of the costs payable upon import of the goods, this should be made clear by adding explicit wording to this effect in the contract of sale. This term may be used irrespective of the mode of transport but when delivery is to take place in the port of destination on board the vessel or on the quay (wharf), the DES or DEQ terms should be used.

A. THE SELLER'S OBLIGATIONS

A1 Provision of the goods in conformity with the contract

The seller must provide the goods and the commercial invoice, or its equivalent electronic message, in conformity with the contract of sale and any other evidence of conformity which may be required by the contract.

A2 Licences, authorizations and formalities

The seller must obtain at his own risk and expense any export and import licence and other official authorization or other documents and carry out, where applicable, all customs formalities necessary for the export of the goods and for their transit through any country.

A3 Contracts of carriage and insurance

a) Contract of carriage

The seller must contract at his own expense for the carriage of the goods to the named place of destination. If a specific point is not agreed or is not determined by practice, the seller may select the point at the named place of destination which best suits his purpose.

b) Contract of insurance

No obligation.

A4 Delivery

The seller must place the goods at the disposal of the buyer, or at that of another person named by the buyer, on any arriving means of transport not unloaded at the named place of destination on the date or within the period agreed for delivery.

A5 Transfer of risks

The seller must, subject to the provisions of B5, bear all risks of loss of or damage to the goods until such time as they have been delivered in accordance with A4.

A6 Division of costs

The seller must, subject to the provisions of B6, pay

- in addition to costs resulting from A3 a), all costs relating to the goods until such time as they have been delivered in accordance with A4; and
- where applicable the costs of customs formalities necessary for export as well as all duties, taxes and other charges payable upon export of the goods, and for their transit through any country prior to delivery in accordance with A4.

A7 Notice to the buyer

The seller must give the buyer sufficient notice of the dispatch of the goods as well as any other notice required in order to allow the buyer to take measures which are normally necessary to enable him to take delivery of the goods.

A8 Proof of delivery, transport document or equivalent electronic message

The seller must provide the buyer at the seller's expense with the delivery order and/or the usual transport document (for example a negotiable bill of lading, a non-negotiable sea waybill, an inland waterway document, an air waybill, a railway consignment note, or multimodal transport document) which the buyer may require to take delivery of the goods in accordance with A4/B4. Where the seller and the buyer have agreed to communicate electronically, the document referred to in the preceding paragraph may be replaced by an equivalent electronic data interchange (EDI) message.

A9 Checking - packaging - marking

The seller must pay the costs of those checking operations (such as checking quality, measuring, weighing, counting) which are necessary for the purpose of delivering the goods in accordance with A4. The seller must provide at his own expense packaging

(unless it is usual for the particular trade to deliver the goods of the contract description unpacked) which is required for the delivery of the goods. Packaging is to be marked appropriately.

A10 Other obligations

The seller must render the buyer at the latter's request, risk and expense, every assistance in obtaining any documents or equivalent electronic messages (other than those mentioned in A8) issued or transmitted in the country of dispatch and/or of origin which the buyer may require for the import of the goods.

The seller must provide the buyer, upon request, with the necessary information for procuring insurance.

B. THE BUYER'S OBLIGATIONS

B1 Payment of the price

The buyer must pay the price as provided in the contract of sale.

B2 Licences, authorizations and formalities

The buyer must obtain at his own risk and expense any import licence or other official authorization or other documents and carry out, where applicable, all customs formalities necessary for the import of the goods.

B3 Contracts of carriage and insurance

a) Contract of carriage

No obligation.

b) Contract of insurance

No obligation.

B4 Taking delivery

The buyer must take delivery of the goods when they have been delivered in accordance with A4.

B5 Transfer of risks

The buyer must bear all risks of loss of or damage to the goods from the time they have been delivered in accordance with A4.

The buyer must, should he fail to fulfil his obligations in accordance with B2, bear all additional risks of loss of or damage to the goods incurred thereby.

The buyer must, should he fail to give notice in accordance with B7, bear all risks of loss of or damage to the goods from the agreed date or the expiry date of the agreed period for delivery provided, however, that the goods have been duly appropriated to the contract, that is to say, clearly set aside or otherwise identified as the contract goods.

B6 Division of costs

The buyer must pay

- all costs relating to the goods from the time they have been delivered in accordance with A4 ; and
- all additional costs incurred if he fails to fulfil his obligations in accordance with B2, or to give notice in accordance with B7, provided, however, that the goods have been duly appropriated to the contract, that is to say, clearly set aside or otherwise identified as the contract goods, and
- where applicable, the costs of customs formalities as well as all duties, taxes and other charges payable upon import of the goods.

B7 Notice to the seller

The buyer must, whenever he is entitled to determine the time within an agreed period and/or the point of taking delivery at the named place, give the seller sufficient notice thereof.

B8 Proof of delivery, transport document or equivalent electronic message

The buyer must accept the appropriate delivery order or transport document in accordance with A8.

B9 Inspection of goods

The buyer must pay the costs of any pre-shipment inspection except when such inspection is mandated by the authorities of the country of export.

B10 Other obligations

The buyer must pay all costs and charges incurred in obtaining any documents or equivalent electronic messages mentioned in A10 and reimburse those incurred by the seller in rendering his assistance in accordance therewith.

DDP

DELIVERED DUTY PAID (...named place of destination): "Delivered duty paid" means that the seller delivers the goods to the buyer, cleared for import, and not unloaded from any arriving means of transport at the named place of destination. The seller has to bear all the costs and risks involved in bringing the goods thereto including, where applicable, any "duty" (which term excludes the responsibility for and the risk of carrying out of customs formalities and the payment of formalities, custom duties, taxes and other charges) for import in the country of destination. Whilst the EXW term represents the minimum obligation for the seller, DDP

represents the maximum obligation. This term should not be used if the seller is unable directly or indirectly to obtain the import licence. However, if the parties wish to exclude from the seller's obligations some of the costs payable upon import of the goods (such as value-added tax : VAT), this should be made clear by adding explicit wording to this effect in the contract of sale. If the parties wish the buyer to bear all the risks and costs of the import, DDU term should be used. This term may be used irrespective of the mode of transport but when delivery is to take place in the port of destination on board the vessel or on the quay (wharf), the DES or DEQ terms should be used.

A. THE SELLER'S OBLIGATIONS

A1 Provision of the goods in conformity with the contract

The seller must provide the goods and the commercial invoice, or its equivalent electronic message, in conformity with the contract of sale and any other evidence of conformity which may be required by the contract.

A2 Licences, authorizations and formalities

The seller must obtain at his own risk and expense any export and import licence and other official authorization or other documents and carry out, where applicable, all customs formalities necessary for the export of the goods, for their transit through any country and for their import.

A3 Contracts of carriage and insurance

a) Contract of carriage

The seller must contract at his own expense for the carriage of the goods to the named place of destination. If a specific point is not agreed or is not determined by practice, the seller may select the point at the named place of destination which best suits his purpose.

b) Contract of insurance

No obligation.

A4 Delivery

The seller must place the goods at the disposal of the buyer, or at that of another person named by the buyer, on any arriving means of transport not unloaded at the named place of destination on the date or within the period agreed for delivery.

A5 Transfer of risks

The seller must, subject to the provisions of B5, bear all risks of loss of or damage to the goods until such time as they have been delivered in accordance with A4.

A6 Division of costs

The seller must, subject to the provisions of B6, pay

- ◆ in addition to costs resulting from A3 a), all costs relating to the goods until such time as they have been delivered in accordance with A4 ; and
- ◆ where applicable, the costs of customs formalities necessary for export and import as well as all duties, taxes and other charges payable upon export and import of the goods, and for their transit through any country prior to delivery in accordance with A4.

A7 Notice to the buyer

The seller must give the buyer sufficient notice of the dispatch of the goods as well as any other notice required in order to allow the buyer to take measures which are normally necessary to enable him to take delivery of the goods.

A8 Proof of delivery, transport document or equivalent electronic message

The seller must provide the buyer at the seller's expense with the delivery order and/or the usual transport document (for example a negotiable bill of lading, a non-negotiable sea waybill, an inland waterway document, an air waybill, a railway consignment note, or multimodal transport document) which the buyer may require to take delivery of the goods in accordance with A4/B4. Where the seller and the buyer have agreed to communicate electronically, the document referred to in the preceding paragraph may be replaced by an equivalent electronic data interchange (EDI) message.

A9 Checking - packaging - marking

The seller must pay the costs of those checking operations (such as checking quality, measuring, weighing, counting) which are necessary for the purpose of delivering the goods in accordance with A4. The seller must provide at his own expense packaging (unless it is usual for the particular trade to deliver the goods of the contract description unpacked) which is required for the delivery of the goods. Packaging is to be marked appropriately.

A10 Other obligations

The seller must pay all costs and charges incurred in obtaining the documents or equivalent electronic messages mentioned in B10

and reimburse those incurred by the buyer in rendering his assistance herewith. The seller must provide the buyer, upon request, with the necessary information for procuring insurance.

B. THE BUYER'S OBLIGATIONS

B1 Payment of the price

The buyer must pay the price as provided in the contract of sale.

B2 Licences, authorizations and formalities

The buyer must render the seller at the latter's request, risk and expense, every assistance in obtaining, where applicable, any import licence or other official authorization necessary for the import of the goods.

B3 Contracts of carriage and insurance

a) Contract of carriage

No obligation.

b) Contract of insurance

No obligation.

B4 Taking delivery

The buyer must take delivery of the goods when they have been delivered in accordance with A4.

B5 Transfer of risks

The buyer must bear the risks of loss of or damage to the goods from the time they have been delivered in accordance with A4.

The buyer must, should he fail to fulfil his obligation in accordance with B2, bear all additional risks of loss of or damage to the goods incurred thereby. The buyer must, should he fail to give notice in accordance with B7, bear all risks of loss of or damage to the goods from the agreed date or the expiry date of the agreed period for delivery provided, however, that the goods have been duly appropriated to the contract, that is to say, clearly set aside or otherwise identified as the contract goods.

B6 Division of costs

The buyer must pay

- ◆ all costs relating to the goods from the time they have been delivered in accordance with A4 ; and
- ◆ all additional costs incurred if he fails to fulfil his obligations in accordance with B2, or to give notice in accordance with B7, provided, however, that the goods have been duly appropriated to the contract, that is to say, clearly set aside or otherwise identified as the contract goods.

B7 Notice to the seller

The buyer must, whenever he is entitled to determine the time within the agreed period and/or the point of taking delivery at the named place, give the seller sufficient notice thereof.

B8 Proof of delivery, transport document or equivalent electronic message

The buyer must accept the appropriate delivery order or transport document in accordance with A8.

B9 Inspection of goods

The buyer must pay the costs of any pre-shipment inspection except when such inspection is mandated by the authorities of the country of export.

B10 Other obligations

The buyer must render the seller, at the latter's request, risk and expense, every assistance in obtaining any documents or equivalent electronic messages issued or transmitted in the country of import which the seller may require for the purpose of making the goods available to the buyer in accordance therewith.

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