



Chapter 4 International Cargo Transport



4.1 Parties Involved in Transport

4.1.1 The main parties in ship chartering

1. Consigner, or the shipper

2. Freight agent

**3. Chartering broker
(chartering agent)**

4. Transport company



4.1 Parties Involved in Transport

(1)Consigner, or the shipper. A consigner is party without a cargo who takes a vessel on charter for a specified period from the owner and then trades the ship to carry cargoes at a profit above the hire rate.

(2)Freight agent. the importer and exporter may entrust an agent with the work of handling ship chartering or space booking. Sometimes the freight agent may even arrange warehousing and clear customs for the importer or exporter.



4.1 Parties Involved in Transport

(3)Chartering broker, also called chartering agent, whose main business is to look for suitable means of transportation for clients and collect commission from it.

(4)Transport company, sometimes called ship-owner or shipping company. It is the real carrier of the goods.



4.2 Modes of Transport

In the business of international trade, Before a shipment is made, the exporter has to consider many different factors influencing the transport considerations such as cost, safety, speed and convenience.

Carriage of goods can take place by sea, rail, air, road, inland waterway, parcel post, container and multimodal transport.



4.2 Modes of Transport

4.2.1 Marine Transportation

Marine transportation, also called ocean transportation, is the most widely used mode of transportation in international trade. It is cheap for delivering large quantities of goods over long distances

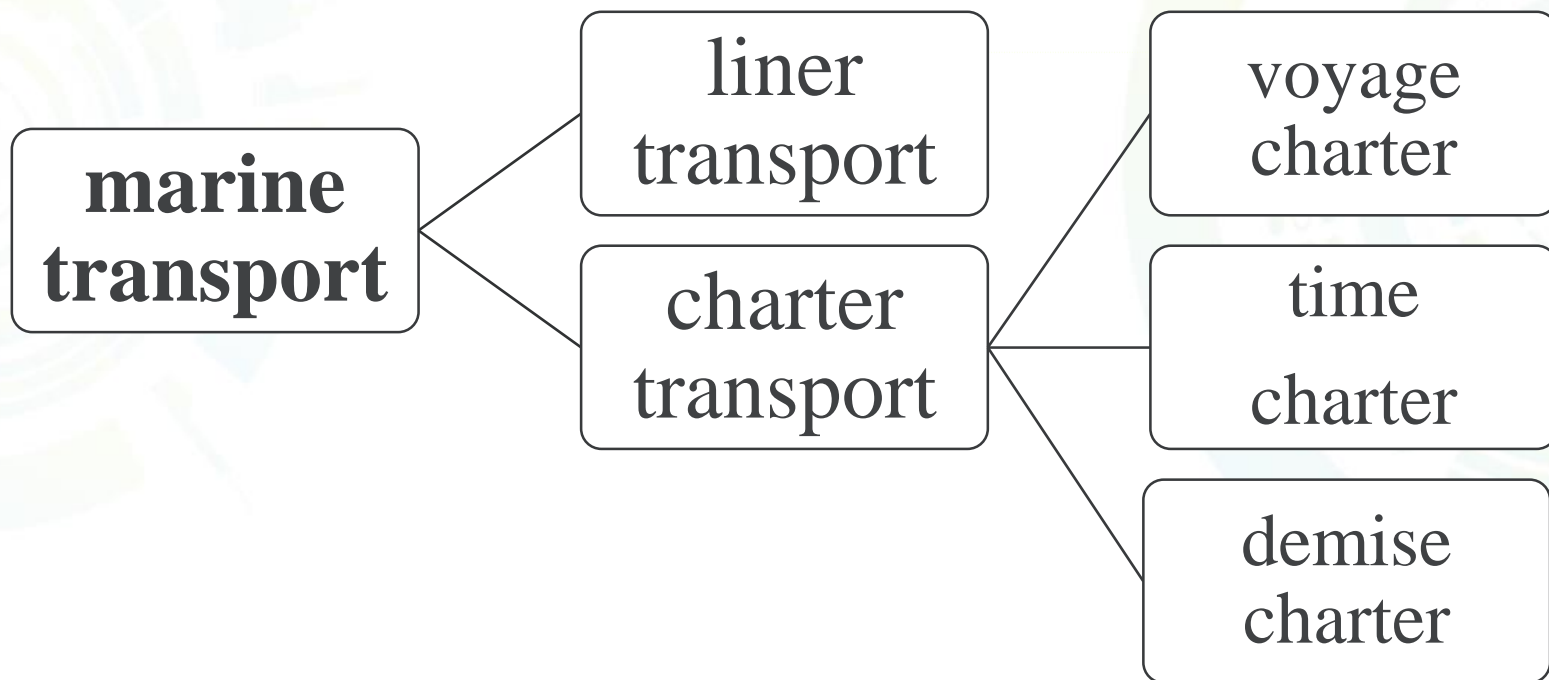
Advantages: easy passage; large capacity, relatively low-cost

Disadvantages: slow; vulnerable to bad weather and less punctual.



4.2 Modes of Transport

4.2.1 Marine Transportation





4.2 Modes of Transport

4.2.1 Marine Transportation

(1) liner transport

Basic features

- ① Regular line
- ② Regular port
- ③ Regular timetable (or sailing schedule)
- ④ Comparatively fixed freight

+

other features

- (1) Carrier is responsible for loading and unloading operations;
- (2) The two parties don't calculate demurrage and dispatch money;
- (3) The rights and obligations of the carrier and the consignor are based on the B/L drawn by the shipping company.



4.2 Modes of Transport

4.2.1 Marine Transportation

(1)liner transport

**Total Freight
of liner**

basic freight

+

additional
freight

The basic standards for
calculating Basic Freight

“W”
(weight ton)

“M”
(measure-
ment ton)

“A. V.”
(Ad Val)

“W/M” or A. V.

“W/M” plus “A. V.”

Common types of additional freight

- ①Fuel surcharge; ②Port Surcharge
- ③Extra Charges on Over Length;
- ④Extra Charges on Heavy;
- ⑤Direct Additional;
- ⑥Transshipment Surcharge



4.2 Modes of Transport

4.2.1 Marine Transportation

(2) Charter transport

The ship owner and the charterer shall reach an agreement on the loading and unloading cost and put it clearly in the charter party.

Freight of charter

(1) Free in (F. I.)

(2) Free out (F.O.)

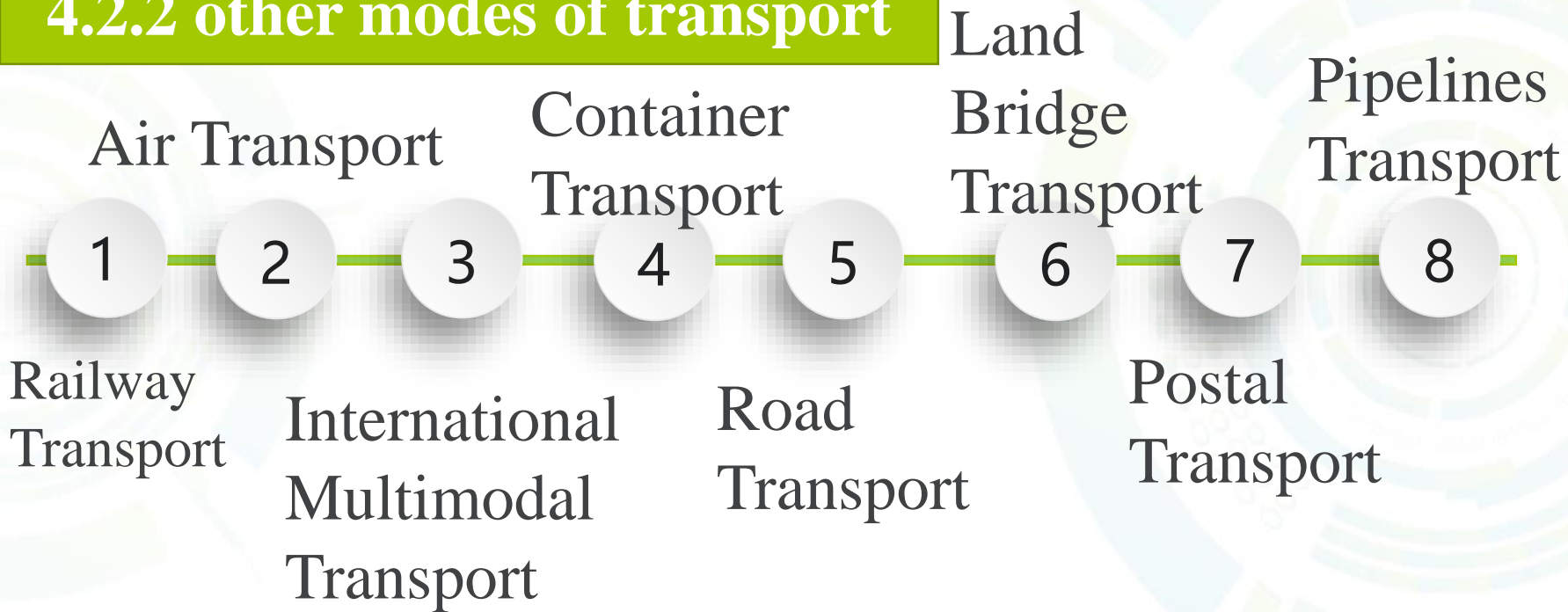
(3) Free in and out (F.I.O.)

(4) Free in and out and stowed and trimmed (F. I. O. S. T.)



4.2 Modes of Transport

4.2.2 other modes of transport





4.3 Transportation Documents

4.3.1 Bill of Lading

(1) Definition: Bill of lading (B/L) is a document which is issued by an carrier to a shipper with whom the earner has entered into a contract for the carriage of goods.

(2) Main functions of B/L

① Evidence of a contract of carriage

② A receipt for goods

③ A document of title to the goods



4.3 Transportation Documents

4.3.1 Bill of Lading

(3) Types of B/L

①	Shipped (on board) B/L
	received for shipment B/L

It will be marked the name of vessel, voyage number, date of shipment and “shipped on board” on its face.

goods have been received for shipment but not been loaded on board the carrying vessel yet, and usually is marked “received” on its face



4.3 Transportation Documents

4.3.1 Bill of Lading

(3) Types of B/L

②	Clean B/L
	Unclean B/L

It is an on board B/L that does not show any defects on the goods' exteriors after shipment at the port of shipment.

If defects are found on the exteriors of the goods after they are shipped on board the vessel, the on board B/L will be marked as “unclean” or “... packages in damaged condition” or other statements evidencing the goods are not in apparent good order or condition.



4.3 Transportation Documents

3.1 Bill of Lading

(3) Types of B/L

③	Straight B/L
	Blank B/L
	(bearer B/L or open B/L)
	Order B/L

It is made out so that only the named consignee at the destination is entitled to take delivery of the goods under the bill.

the bill in which the name of a definite consignee is not mentioned.
no endorsement is needed for the transfer of the blank B/L, is highly risky and rarely used

It is made out in such a way that it is consigned or destined to the order of a named person instead of a definite consignee.
“To order”, “To order of the shipper”, or “To order of XXX” is marked



三 Transportation Documents

3.1 Bill of Lading

(3) Types of B/L

④	Deck B/L
	stale B/L
	advanced B/L

It is issued when the cargo is loaded on the Ship's deck. In this case, the goods are exposed to greater risks and therefore usually specific insurance

It is presented to the consignee or the buyer or his bank after the goods are due at the port of destination

refers to the kind of on board B/L issued before the goods have been shipped on board, and on which the date of shipment is a date earlier than the actual shipment date



4.3 Transportation Documents

3.1 Bill of Lading

(3) Types of B/L

⑤ Others

**Direct B/L,
transshipment B/L
through B/L**

**Long form B/L
short form B/L**

**Original B/L
copy B/L**



4.3 Transportation Documents

3.1 Bill of Lading

(4) content of B/L

The basic terms are usually shown on the face of the bill while some general terms and conditions are printed on the back. The items on the face of a bill of lading are usually the information concerning the following contents



4.3 Transportation Documents

3.1 Bill of Lading

(4) content of B/L

- Shipper or consignor
- Consignee
- B/L No.
- Notify party, addressed to
- Ocean vessel and voyage No.
- Port of loading
- Port of discharge
- Place of delivery
- Marks and Nos.
- No. of packages.
- Description of goods
- Gross weight & measurement
- Total number of packages in words
- Freight and charges
- No. of original B(s)/L
- Place and date of issue.
- Signed for the carrier



4.4 Procedures of Booking Space

4.4.1 shipping booking

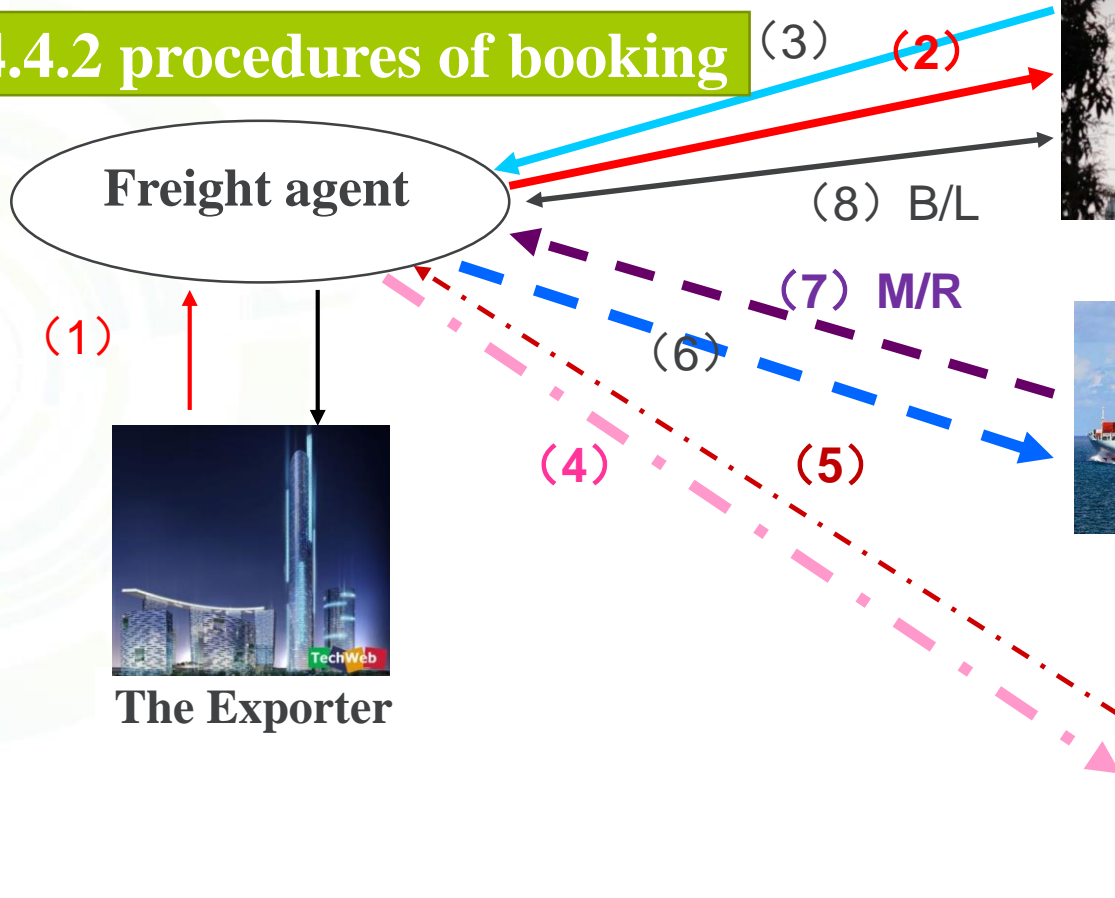
Generally, there are two ways of getting ships chartered:
(1) One is to find a freight agent/ shipping agent and fill out shipping orders and shippers export declaration form.
(2) The other is to make orders online.

Usually, the exporter should contact the ship's agent or the shipping company for chartering ships a few days before the date of shipment of the L/C so as to allow time to deal with accidents.



4.4 Procedures of Booking Space

4.4.2 procedures of booking



The Transport Company



The Transport Ship



The Exporter



The Customs



4.4 Procedures of Booking Space

4.4.2 procedures of booking

- ① The exporter sends a shipping note enclosed documents to the freight agent to book space;
- ② The freight agent entrusted sends the container shipping note along with the documents to the shipping company to book space;



4.4 Procedures of Booking Space

4.4.2 procedures of booking

③ Upon receipt of the shipping note, the shipping company will check the shipping lines, ports of call, and the shipping space before issuing booking confirmation. And then marks the B/L number on the shipping note and fills in the name of the ship. Then the shipping company ends the Shipping Order (S/O), cargo receipt, and equipment interchange receipt back to the consigner.



4.4 Procedures of Booking Space

4.4.2 procedures of booking

④The consigner fills the Customs export declaration form and presents S/O, the commercial invoices packing lists and other documents required by the customs administration to clear customs.

⑤the customs will stamp the S/O and return it to the consigner, After the documents and goods are checked and approved by the customs.



4.4 Procedures of Booking Space

4.4.2 procedures of booking

- ⑥ With the sealed S/O at hand, the consigner instructs the captain to load goods. After loading, the captain releases the Mate's Receipt and M/R to the consigner.
- ⑦ The consigner pays for the freight to the shipping company after receiving the M/R.
- ⑧ The shipping company issues an original clean shipped on board B/L to the consigner.



4.4 Procedures of Booking Space

Nowadays, along with the rapid development of logistics, fewer international traders choose to contact the shipping companies or carriers directly; instead, they prefer to find freight agents or other transport intermediaries, whose expertise and professionalism are important guarantee of smooth shipment of goods across national boundaries.



4.5 Shipment Clause in International Trade Contract

The buyer and the seller should reach an agreement on these issues and specify them legibly in the contract.

The clause of shipment specifies all the details regarding the shipment of the goods in contract. The details include time of shipment port (place) of shipment and port (place) of destination, advice of shipment, partial shipment and transshipment, etc.



4.5 Shipment Clause in International Trade Contract

4.5.1 Time of Shipment & Delivery

Time of delivery refers to the time limit during which the seller shall deliver the goods to the buyer at the agreed place.

symbolic delivery

actually delivered



4.5 Shipment Clause in International Trade Contract

4.5.1 Time of Shipment & Delivery

two ways to setting the time of shipment

One is specifying clearly a time period or the definite deadline.

Example: Shipment on or before Sept. 15th;

Shipment not later than July 31st;

The other is setting the time of shipment/delivery based on the time of receiving L/C or other payment guarantee.

Example: Shipment is to be made within 30 days after receipt of the L/C.



4.5 Shipment Clause in International Trade Contract

4.5.2 Port of Shipment and Port of Destination

Generally, one specific port of shipment and a specific port of destination are stipulated. But sometimes two or more of each are stated to meet special requirements.

In choosing port shipment and port of destination, try to make them as clear as possible; provide some flexibility by allowing optional ports.



4.5 Shipment Clause in International Trade Contract

4.5.2 Port of Shipment and Port of Destination

When determining the port of shipment and the port of destination, sellers should pay attention to the following:

① A shipment port should be close to the origin of the goods

② Port facilities, regulations, specific transportation conditions, charges and possible sanctions should be taken into consideration.

③ The stipulation of the port of destination should be definite and specific

④ Name of the country and the place should be put in front of the name of the port



4.5 Shipment Clause in International Trade Contract

4.5.3 Partial Shipment and Transshipment

Partial shipment means shipping the commodity under one contract in more than one lot. In case of an export covering a large amount of goods, it is necessary to make shipment in several lots by several carriers sailing on different dates.



4.5 Shipment Clause in International Trade Contract

4.5.3 Partial Shipment and Transshipment

Transshipment is the movement of goods in transit from one carrier to another at the ports of transshipment before the goods reach the port of destination.



4.5 Shipment Clause in International Trade Contract

4.5.4 Shipping Advice

The shipping advice is a notice to the importer on summary of the shipment. The buyer is to arrange the cargo insurance on time based on the shipping advice (if the buyer is to arrange the insurance)



4.5 Shipment Clause in International Trade Contract

4.5.5 Lay Days, Demurrage and Dispatch

In **the charter party**, Lay time is the time allowed for the completion of loading and unloading, and it is usually expressed by days or hours. several ways of stipulating lay time:

- (1) Days or running days
- (2) Weather working days of 24 hours
- (3) Weather working days of 24 consecutive hours



4.5 Shipment Clause in International Trade Contract

4.5.5 Lay Days, Demurrage and Dispatch

ague phrase as “to load/discharge in customary quick dispatch” should be avoided. If loading and unloading are not completed within the agreed lay time, demurrage should be paid at an agreed rate by the party that charters ships to the ship owner to compensate for the cost sustained.



4.5 Shipment Clause in International Trade Contract

4.5.5 Lay Days, Demurrage and Dispatch

On the other hand, if loading and unloading are completed in advance, the ship owner will pay dispatch money as a reward to the party who charters ships. Dispatch is an amount paid by a vessel's operator to a charter if loading or unloading is completed in less time than specified. Demurrage and dispatch are considered as sometimes specified in the shipment clause.



Exercise

I. multiple choice

1. The characteristics of liner transport are that ()
 - A. its freight is determined by the market
 - B. the line, the port, the time and the freight rate are fixed
 - C. the variety and quantity of goods shipped are more flexible
 - D. the obligations and rights of both seller and buyer are stipulated in the B/L
2. _____ means that there is no definite consignee of the goods.
 - A. Blank B/L
 - B. Order B/L
 - C. Direct B/L
 - D. Straight B/L



Exercise

I. multiple choice

3. Which stipulation of the date of shipment is often used in a contract?

- A. one day, such as 1st July
- B. prompt shipment
- C. within several days after the LC has been received
- D. a time period such as during June

4. Transshipment may be necessary when

- A. direct liners are not available
- B. the amount of the cargo is very small
- C. the shipping date is very close
- D. the export covers a large amount of goods



Exercise

II. Calculation of freight

Company A exports 1 000 cartons of goods to New York. the gross weight per carton is 80kgs and the volume per carton is 0.5m x 3.0m x2.4m, according to the list of Classification of Commodities, the goods falls within the scope of class 8, the freight is based on W/M, and the basic freight rate for class 8 is USD 235,with 10% Over-length Surcharge and 15% port surcharges.

Question: How much is the total freight?



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