

Transportation and Shipping

Road, rail and air transportation

Road transport

- cheaper and more direct than rail
- Increased capacity for lorry to carry goods (containers), faster service (motoways), accessibility abroad with ferries offering rolling-on and rolling-off facilities

Rail transport

- Faster than road (necessary when transporting perishable goods)
- Can haul bulk commodities (oil, grain, coal) in greater volume than road transporters
- Link between road and rail through companies such as Freightliners – transshipment
- Tends to be comparatively more expensive than road haulage

Air transport

- Necessary for goods lose value overtime and deteriorate
- Use for speed, particularly over long distances
- Insurance tends to be cheaper as consignments spend less time in transit
- With bulk consignments, air is much more expensive
- The main document – Air Waybill, which consists of 12 copies distributed to the airline, exporter, importer, and custom
- AWB is only a receipt and cannot be transferred to another person

Documentation

- Consignment notes are used in road and rail transportation
- Consignment notes and AWB are not documents of title, and not negotiable
- Consignment notes and waybills are obtained by the consignor filling out an instruction for despatch form and paying the freight charges. The charges are calculated in size, weight or value and risk

Correspondence in transport

- Between the seller and freight firm
- Between the seller and forwarding agents

The customer are kept informed by advice note – details of packing and when goods will arrive

Shipping

Types of vessels

- Passenger liner
- Passenger cargo vessels
- Tramps
- Tankers
- Container vessels
- Roll-on roll-off ferries
- Barge and lighter

Note

- SS – Steam Ship
- MV – Motor Vessel
- MS – Motor Ship

Shipping organizations

- The Shipping Conference
- The Baltic exchange

Shipping documentation

- A **freight account** is an invoice sent by the shipping company to the exporter stating their charges.
- A **shipping note** advises the Superintendent that the goods are to be shipped.
- A **dock receipt** will be returned to the consignor confirming that the goods are stored and awaiting shipment.
- A **mate's receipt** may be sent acknowledging that the goods have been loaded.
- **ETA**

Bill of lading

- The most important document in shipping as it is a document of title
- “full set” – 3 originals
- “to order” are written – a negotiable document
- “endorse in blank” or “blank endorsement” – no restriction on ownership
- A shipped b/l or shipped on board – goods have been loaded on to the ship
- “clean” – goods were taken on board in good condition
- “dirty/claused” – found something wrong with the consignment
- “freight prepaid”
- “freight collected”

Shipping liabilities

- The Hague Rules govern liability for loss and damage to cargo carried by sea under a b/l and state that the carrier will not responsible under the following conditions:
 - Acts of war, riots. Civil disturbance
 - Force majeure
 - Negligence
 - Inherence vice
- The Hamburg Rules have extended the shipping companies' liability for damage or delay to ' goods in their charge' unless they can proof thaey took all measure to avoid the problem
- To be safe, co. insures the consignment under *all risk cover and war*

Forwarding agents

- Forwarding agents are used by exporters to arrange both import and export shipments.
- The service includes: collecting consignment, arranging shipment, packing and handling all doc., incl. making out b/l, obtaining insurance, sending commercial invoice, paying the shipping co. for their client, informing the importer's forwarding agents that the shipment is on its way by sending advice note, send the goods on to him or arrange for them to be stored until collected.
- Many forwarding agents act as clearing agents – ensure the goods are cleared through the custom and are sent to the importer

Container services

- Containers are large steel boxes, 20 to 40 feet in length, can hold most cargoes including liquids and are transported by lorries or trains to port where they are loaded on to container vessels.
- Containers are safe because of their sealing
- Containers are versatile, loading top, front or side and can cut a ship laytime (waiting time) down by 60-70%

Advantages of container services

- The containers can be loaded and locked at the factory premises or at nearby container bases making pilferage impossible.
- There is no risk of goods getting lost or mislaid in transit.
- Handling is greatly reduced, with lower cost and less risk of damage.
- Reducing loading and unloading time
- Temperature-controlled container are available

Documentation for exporting goods by container

- Bill of lading: clean shipped on board bill
- Combined transport bill of lading
- Non-negotiable waybills

Documentation for importing goods by container

- Freight invoice
- Arrival notification form
- Custom clearance form
- Certificate of origin
- Commercial invoice
- Import licence
- Health certificate
- Bill of lading or waybill
- Out of charge note

Chartering ships

- Voyage charter charges are calculated on the tonnage value of cargo.
- Time charter charges are calculated on the tonnage of the ship plus running costs of the vessel, excluding wages.
- Mixed charter are combined both time and voyage charters. The contract signed by both parties is known as charter party