

LESSON 6.

INTERNATIONAL TRANSPORTATION



International transport is one of the most important features related to international trade. It implies the carrying of goods from one place to another and involves the handling of consignments, loading and unloading, shipment expenses and other arrangements between the importer and exporter.

International transport covers the whole world and moves all types of goods to the farthest corners of the globe. It reaches beyond all borders and barriers including physical, technical, customs-based, language, economic and all other kinds. It uses all types of modes and means of transport such as: trucks, ships, planes, containers, roll-on - roll-off, rail, river transport and some others.

A regularly used mode of transport is **Intermodal transportation**. This is the **Containerised** movement of cargo, over land and sea, door to door, without the physical handling associate with break- bulk transportation.

A **containerised cargo shipment** depends on four basic fundamentals:

1. Matching the cargo to the correct type of container that is best suited for the forthcoming voyage - be it by land or water.
2. Ensuring that the container is in good condition prior to loading the cargo and that it is carried and handled correctly throughout the voyage.

3. Ensuring that the cargo is loaded correctly into the container and is properly secured against movement during the voyage.
4. Ensuring that all the relevant cargo information is communicated to all appropriate parties to be sure that the container and its contents will arrive at the consignee in the expected condition.

The most used and secure way is to move cargo around the world is in **containers** as well as the cheapest method of transportation. They have been designed to fulfil the function of protecting the cargo from damage.

Containers are composed of a **rigid frame**, usually of steel or aluminium, with panels between the frame members. The **frame** is the principal structural load-bearing part of the container.



The container's **sidewalls** are usually constructed of corrugated steel with corrugations of three or four inches wide except at the two flat areas that run the full vertical height of the panels near each end. These areas are called **marking areas**, located approximately 12 to 15 inches from and rear walls of the container. They are reserved for **markings** required and they often contain ventilation holes to allow an exchange of air in the container while preventing the entry of solids or liquids.

There are various types of **containers** according to their size and height, 20, 40, 45, 48 refrigerated and conventional. Their main function is to protect the cargo from damage or any other risks. Containers can be classified and defined as follows:

The International Standards Organisation (ISO) has recommended a series of internal and external dimensions for containers together with gross maximum weights, which the container may carry. All operating containers container fleets, whether owned or leased, should follow the ISO code.

Every container must have a Container Safety Certificate (CSC) issued by the manufacturer and this must be renewed every 30 months after inspection by a competent inspector.

The advantages in utilising this method of shipping are:

Once a container is loaded and sealed at the suppliers' warehouse, it is not opened until its arrival at the consignees' facility at destination;

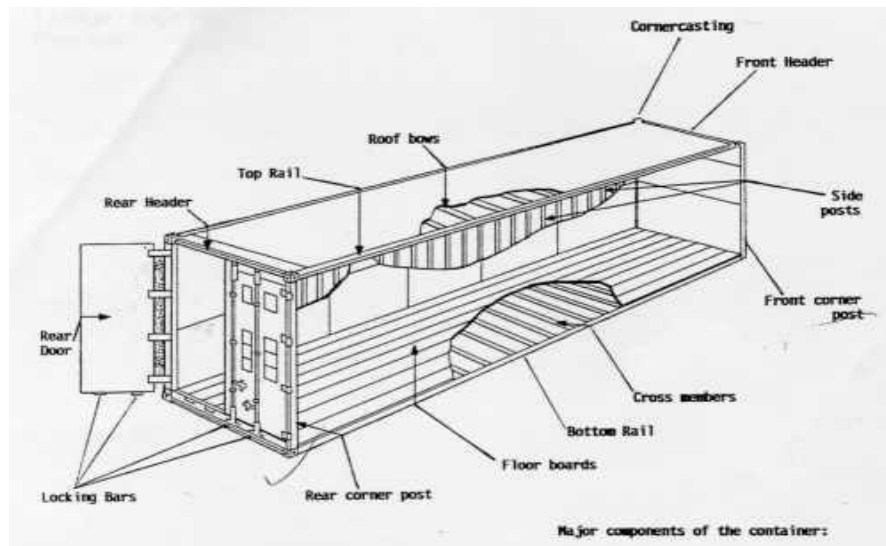
It alleviates the need for expensive export packing;

It reduces the ocean carriers' charges for terminal handling at the Port of Exit,

It creates a reduction in the cost of Marine Insurance and reduces the overall transit time of the shipment.

Container classification

Containers are available in configurations to take almost every kind of cargo and mode of transportation (ocean, air, road, and rail). In terms of the type of cargo for which the containers are mainly intended, they are classified as general cargo container and specific cargo container.

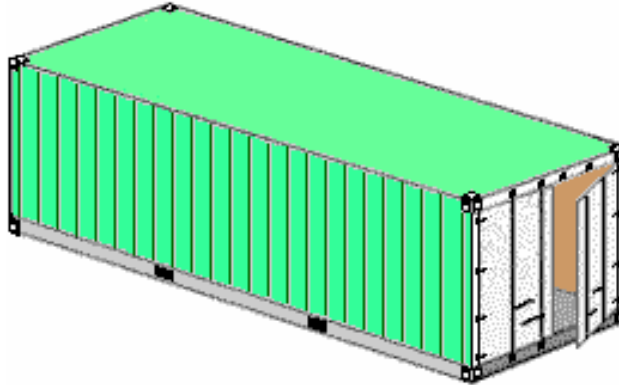


The general cargo container is used for most general cargo commodities. The containers are 20 ft or 40 ft in length with a limited stock of 45 ft. The standard external height of GP containers is 8 ft 6 inches although high cube containers at 9 ft 6 inches in height are becoming common. Specific cargo containers are provided for specific carriage requirements.

- **General Cargo Container**

(1) General purpose (dry cargo) container

It is suitable for the widest varieties of cargo. It is fully enclosed and weatherproof, having rigid walls, roof and floor, with at least one of its walls, either end wall (end loading) or side-wall (side loading), equipped with doors.



(2) Specific purpose container

It is used to facilitate the packing (loading) and emptying (unloading) of container other than by means of doors at one side of the container, and for other specific purposes like ventilation.

Closed ventilated container

It is used for the carriage of cargo, such as seeds, that cannot stand excessive moisture. It is similar to the dry cargo container with specially designed natural or mechanical (forced) ventilation.

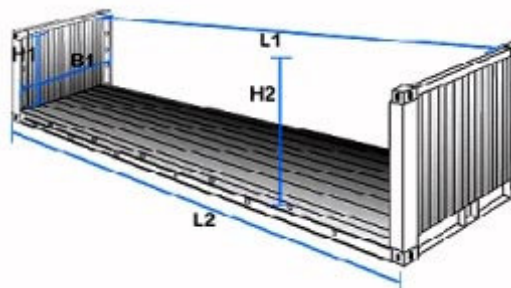
Open top container

It is similar to the dry cargo container except that it has no rigid roof, but has a movable or removable cover (e.g. a cover made of canvas, plastic or reinforced plastic material) supported on movable or removable roof bows. The open top container is used for machinery, sheet glass, and other heavy, bulky or long objects.



⇒ **Platform (flat rack)**

It does not have a superstructure, that is, rigid sidewalls and load-carrying structures. It is equipped with top and bottom corner fittings which provide means of supporting, stacking, handling and securing the container. The flat rack is used for machinery, lumber, and other heavy or large objects.



- **Specific Cargo Container**

Reefer container

It has insulated walls, doors, roof, and floor, which limit the range of temperature loss or gain. It is used for perishable goods like meat, fruits and vegetables.



⇒ **Mechanically refrigerated container**

It uses a refrigerating appliance, that is, the mechanical compressor or absorption unit.

⇒ **Refrigerated container (with expendable refrigerant)**

It uses dry ice or liquefied gases. It does not require external power supply or fuel supply.



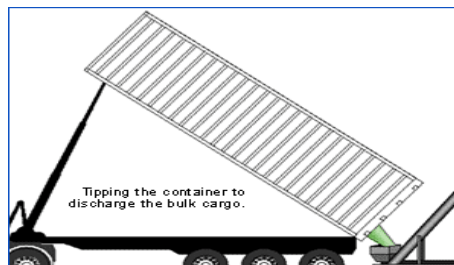
Tank container

It is used for the carriage of bulk gases and liquids like chemicals.



Dry bulk container

It is used for the carriage of dry solids in bulk without packaging, such as grains and dry chemicals. It consists of a cargo-carrying structure firmly secured within the intercontinental container framework.



Named cargo types

It consists of various types of containers, such as automobile (car) containers and livestock (cattle and poultry) containers.

The use of containers in export shipments makes the transport and handling easier and faster. The crane and gantry are commonly used in handling containers.



The ports worldwide handle over 100 million TEUs annually. The unit **TEU (twenty-foot equivalent unit)** is used to express the relative number of containers based on the equivalent length of a 20' container. For example, 100 containers of 20' is 100 TEUs, while 100 containers of 40' is 200 TEUs.

Container ships are used in international traffic to facilitate the carriage of goods permitting their ready handling, particularly in the Multimodal transport and transshipment.

International transport applies international trade rules and regulations: Incoterms, uniform rules and uses of documentary credits. On the other hand, it has its own regulations and conventions and uses its own documents and forms such as: **Bills of Lading, Airway bills, FIATA** documents as well as other documents specifically created to meet transport needs.

International transport involves operations such as *packaging, handing, consolidation/break-bulk, loading/unloading, labelling, storage, reconsignment, distribution, quality checks, weighing* and some others.

International transport requires guarantees such as **Insurance** covering damage to goods as well as civil or professional legal responsibility worldwide, official acknowledgement and accreditation; technical know-how and specific qualifications and customs ratings to ensure all operations. Further more it requires co-ordination, this is, everything must be provided for and co-ordinated through local specialists and correspondents throughout the world.

When transporting goods, the importer and the exporter must agree upon how the consignment must travel and in which conditions. There are various forms of transportation by **air, sea, rail and road**.

Documentation used in international trade performs a number of separate functions and these can be divided into the following categories: instruction; financial; identification; authorisation.

To transport consignments by sea, there is an essential document in international trade, which must accompany the cargo called the **Bill of Lading**.

BILL OF LADING



The Bill of Lading is a contract of carriage between an exporter and a service provider (i.e. airline, steamship line, freight forwarder or shipping company, etc.) that identifies the parties to the transaction and their responsibility for payment of transportation and other accessorial fees, such as transfers and delivery. These responsibilities and liabilities of each party are set out in Conventions (Hague-Visby Rules and Carriage of Goods by Sea Act 1971).

It is important to consider **the commercial use of the bill of lading** in relation to the transfer of title to goods and in relation to the payment for goods. In international trade, the origin and the destination on the bill of lading are usually for the "main carriage" transportation between the port of departure and the port of importation.

Function of the bill of lading

There are three essential elements to an ocean bill of lading issued by a shipping line and covering the carriage of goods by sea:

1. It is evidence that a contract of carriage exists between shipper (exporter) and ship owner.
2. It is a receipt for goods, showing *prima facie* that they have been received into the charge of a carrier.

3. It is a document of title, which allows title to the goods to be transferred by endorsement and delivery of the bill of lading.

These three elements explain the importance of the bill of lading to commerce over the years. With the bill of lading showing that a contract of carriage exists and that the goods have been received by the carrier, a buyer and his bank are assured that the despatch of goods according to the contract of sale is under way.

A number of different types of bills of lading are available to exporters, according to the type of service being used. Different clausings are applicable to bills of lading and these are considered under "Clean bills and clausured bills", following the details which must be shown in the bill of lading.

The shipper (exporter) or his agent should furnish the above details to the shipping line in writing (e.g. by fax or e-mail) or on blank bills. It is essential that the details are correct in relation to:

1. The actual goods being shipped;
2. The contract of sale; and
3. Any letter of credit or payment requirements

Clean bills and clausured bills

A "clean" bill of lading is one in which no notation is shown on the document relating to cargo having been received by the line or shipped in any other than good condition and correct quantity.

In the case where the cargo is noted to be wet, damaged or otherwise in doubtful condition or quantity, bills of lading will be issued "clausured" (or "dirty"), showing the defect in the cargo.

Clean shipped on board bills of lading

A contract of sale may stipulate, and a confirmed irrevocable letter of credit is almost certain to stipulate, that an exporter must produce "clean shipped on board" bills of lading. Whether or not there is this stipulation, this type of bill of lading is clearly the most useful as it is prima facie evidence that: the goods are actually en route to the port of destination and at the time of shipment the goods were in good condition.

Under a documentary letter of credit, a bank (which deals only with documents, not goods) presumes that the goods are en route to the consignee in good order and that the exporter can be paid for them provided that all other conditions in the credit are satisfied.

Through bills of lading

Bills of lading issued by shipping lines originally covered only port-to-port shipments of conventional cargo. The "through" bill of lading concept allows door-to-door shipments to be covered by a bill of lading. This became necessary following the development of containerisation. Thus, this type of bill may cover ocean shipment, plus inland transport by other modes, with the ocean carrier subcontracting these other elements.

Combined transport bills of lading

Similar to a through bill of lading, **the combined transport bill of lading** allows for the contract of carriage to be covered by a single document and a clearly defined single set of conditions of carriage to include the use of road and/or rail shipment at either end of the sea. Freight forwarders operating as non-vessel owning carriers (NVOCS) will most usually issue this type of document.

Consolidation/groupage and house bills of lading

The concept of groupage - combining a number of individual consignments into a complete container load for shipment - has been developed over many years by **freight forwarders operating services** between two inland points in different countries working in conjunction with an overseas office or partner. The forwarder then issues **his own house bills to individual** exporters. These house bills become the controlling document for the release of the cargo at destination and enable the exporter, if required, to negotiate these with his customer in return for payment of the goods.

Negotiable FIATA multimodal transport bill

The FIATA bill of lading is a document designed to be used as a multimodal or combined transport document with negotiable status which has been developed by the International Federation of Forwarding Agents' Associations (FIATA) accepted a marine ocean B/L. The document operates as a **forwarder house bill** with a suitable endorsement or as a multimodal transport document.

Negotiation of bills of lading

The bill of lading is a **negotiable document**, which allows title to goods to be transferred by endorsement and delivery. Two basic types of endorsement are possible:

"To order" bills of lading ("To order blank endorsed"), the shipper must stamp and sign the bill of lading in order for title to the goods to be transferred to the consignee.

To order of (bank), the bank is the party, which carries out the endorsement in this instance and which, therefore, exercises control over the goods.

Bill of Lading

A RELIABLE SHIPPING LINE (NON-NEGOTIABLE UNLESS CONSIGNED TO ORDER)					
Shipper / Exporter (Complete Name and Address)			ORIGINAL		Bill of Lading No.
Consignee (Complete Name and Address)			Export References		
			Forwarding Agent - References		
Notify Party (Complete Name and Address)			Point and Country of Origin of Goods		
			Domestic Routing / Export Instructions (Additional Notify Party, Etc.)		
Pre-carriage By		Place of Receipt			
Vessel / Voyage No.		Port of Loading		Onward/Inland Routing	
Port of Discharge		For Transhipment To			
Marks and Numbers	No. of Pkgs.	Description of Packages and Goods			Gross Weight
Measurement					
PARTICULARS ABOVE FURNISHED BY THE SHIPPER					
Container No(s)		Seal No(s)			
RECEIVED FOR SHIPMENT in apparent good order and condition unless otherwise indicated herein, the container(s) or other packs or units mentioned above, to be carried from the place of receipt or the port of loading to the port of discharge or for transshipment to a delivery place, subject to the terms and conditions on the reverse hereof. One of the original bills of lading must be surrendered at endorsed invoice for the goods or delivery order. IN WITNESS WHEREOF, the Master or agent of said vessel has signed the number of bill(s) of lading stated below, all of the same tenor and date, one of which being accomplished, the others to stand void.					
Freight & Charges		Revenue Ton	Rate	Per	Prepaid
Freight and Charges Payable At		Number of Original B(s) / L	Place of B(s) / L Issue		A RELIABLE SHIPPING LINE
Laden On Board the Vessel		Dated			
Dated	By	Dated		AGENT	

When transportation is carried out by air, there is a document of carriage, which is issued by airlines to shippers of cargo, called the **air waybill**. It is issued under conditions stated by the **Warsaw Convention**.

The **air waybill** has several purposes:

1. It is evidence of a contract of carriage.
2. It proves receipt of goods for shipment.
3. It is a freight bill.



The **Warsaw Convention** requires that the air waybill is completed in at least three parts:

1. for the carrier (signed by the consignor);
2. for the consignee (signed by the consignor and carrier);
3. for the consignor (signed by the carrier).

The basic information to be shown on the air waybill is as follows: shipper's name and address; consignee's name and address; customs reference/status; agent's IATA code; airport of departure and destination; first carrier; value of goods and currency; description of goods, dimensions, commodity code, rate class, chargeable weight and freight rate; freight charges (prepaid or payable at destination); additional charges payable.

All IATA carriers use **IATA Standard Air Waybill** (those belonging to the International Air Transport Association) and it embodies standard conditions associated to those set out in the Warsaw Convention.

When issued by an airline, the **air waybill** carries a unique reference number, which commences with a carrier prefix. The **air waybill number** is

the key to tracing the flight details of the consignment in question and must be quoted at all times when information is being requested.

Air Waybill is a bill, which covers both domestic and international flights transporting goods to a specified destination, establishing the terms between a shipper and an air transportation company for the transport of goods. Included in the document are the conditions, limitations of liability, shipping instructions, description of commodity, and applicable transportation charges.

In addition, the air waybill is a **non-negotiable document**, which serves as a receipt for the shipper, indicating that the carrier has accepted the goods listed and obligates it to carry the consignment to the airport of destination according to specified conditions.

Master and House Air Waybills

The freight forwarder may consolidate the consignments of several independent shippers that are intended for the same airport of destination and dispatch them together under one air waybill (AWB) issued by the carrier, known as **master air waybill (MAWB)**.

The freight forwarder in turn issues to each shipper its own AWB, known as a **house air waybill (HAWB)** or **freight forwarder's waybill**.

International House Air Waybill

A non-negotiable bill, produced in conformance with the International Air Transport Association's specifications, the International House Air Waybill serves as a contract between the exporter and the air carrier or his agent.

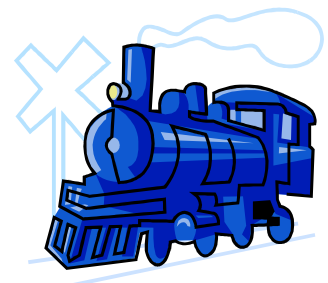
Air Way Bill

sprint International Mail		OVERSEAS MAILING		London Heathrow Tel: 0181-751 1111 Fax: 0181-890 9090		Sprint International Mail is a division of Sprint International Express Ltd	
Shipper's address				Date		Air Waybill number	
2				1		SM	
Account number 3				Zone		Items	Kgs
Telephone no.				Europe (EEC)			
Shipper's reference 4				Europe (non-EEC)			
Sender's signature				World			
Received by Sprint International Mail				Zone 1			
Date				Zone 2		6	
Time				Total			
Service type				Please indicate			
1. 1st Class Airmail							
2. Printed Papers							
3. Swiftair				5			
4. Surface Mail							
5. Parcels							
6. UK Mail							
7. Other (please specify)							

PLEASE TYPE OR PRESS HARD - THIS IS A THREE PART SET

ROAD WAYBILLS AND RAIL WAYBILLS

The road waybill is an international consignment note which is specified under the Convention for the Contract of the International Carriage of Goods by Road 1956 (the CMR Convention) which is embodied into UK law by the Carriage of Goods by Road Act 1965 (as amended by the Carriage by Air and Road Act 1979). Conventions deal with the substance of this law which governs the responsibilities and liabilities of the parties to a contract for the carriage of goods by road internationally.



The road waybill (road consignment note) or rail waybill (rail consignment note) serves as a receipt for goods and an evidence of the contract of carriage, but it is not a document of title to the goods. The consignee can obtain the goods from the carrier at the destination point

without presentation of the road waybill or the rail waybill, as the case may be.

The road waybill or rail waybill must be signed or authenticated and/or bear a reception stamp or other indication of receipt by the carrier other named agent for or on behalf of the carrier.

*****Answer these questions:**

- 1.- Why is international transport necessary for foreign trade?
- 2.- What is a container? Description and types
- 3.- How are containers classified?
- 4.- What are the transport documents? Principal functions

*****Draw conceptual maps for these transport documents:**

Bill of Lading - Airway bill -

REFERENCES

Platt, G. (1999). Guide to the Finance of International Trade.
Trade Services Marine Midland Bank. The Journal of Commerce.

Documents from <http://www.export911.com>

The Percy Pallet Infobase <http://www.pslgroup.net/paper2.html>

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