EXPORT LOGISTICS



Transporting your products overseas

For goods exports, transporting your product to an overseas market efficiently and competitively is crucial. Using a good freight forwarder is very effective, but it is also essential to understand the basics of shipping terms, pricing and documentation.

Where do I start to learn about shipping and service delivery?

Using a good customs broker and freight forwarder is the most efficient way to ship your goods. These companies are expert in documentation, freight rate negotiations and finding the most economical way to get your product to the buyer.

Your product may be suited only for ocean shipping or for airfreight. It is important to understand the basic principles of both sea and air cargo as rates can vary when new capacity is offered on trade routes and when new markets are serviced, often with a range of intermodal services.

What do all these shipping terms mean?

Sea and airfreight have a well-ordered series of conventions and these need careful study. A good starting point is to learn what are known as INCO terms (International Commercial Terms). Introduced in 1936 and modified since, INCO terms are critical for the consignment and payment of goods shipped internationally, and have precise definitions.

Letters of Credit (L/C) are a common form of payment, known as a documentary credit, established by the buyer and guaranteeing payment to the seller providing all the documentary terms of the instrument are strictly adhered to. Your bankers will provide you with detailed background information, essential for any exporter.

International Chamber of Commerce (ICC) – has detailed information on Incoterms.

How do I negotiate the best freight rate for my cargo?

Freight forwarders will provide you with a range of options to find the most cost-efficient rate, however, be familiar with freight markets so you can gain the most competitive rate.

Your overseas buyer will often specify the preferred option and this could depend on ease of customs clearance at the port of discharge or the frequency and reliability of sailing. Transhipment is a common feature of liner shipping.

'Hub' ports such as Singapore, Hong Kong and Dubai distribute containerised cargo to other ports by 'feeder' vessels. Make sure, however, that the transhipment hub is efficient so your cargo does not suffer delays.

Most freight forwarders have space and freight rate deals negotiated with sea and air carriers. What's important is to locate a forwarder who caters for your business profile – both in scale of operation as well as geographic coverage.

How do I work out what Sized Container Required?

https://www.export35.com/2019/02/container-types-size-and-dimentions.html

Isn't export documentation complex?

Export documents require careful preparation to avoid delays in customs clearance at their port of discharge and also to comply with documentary letters of credit that specify conditions such as precise product descriptions, packing lists and attestations including quarantine certificates and certificates of origin. Electronic documentation has made a complex process much easier, but mistakes can be costly. It is imperative to understand the export documentation process and to ensure that the preparation of documentation is carried out with meticulous accuracy.

How can I find applicable duty and taxes in an overseas market?



You will need the Harmonised Tariff Code (HTC) to search for import tariffs on the <u>Tariff Download Facility</u> on the World Trade Organisation website. If you don't have the HTC, this can be obtained by visiting the <u>Department of Home Affairs website</u> or contacting them on 1800 053 016.

Your freight forwarder may be able to assist in finding the applicable duty and taxes in overseas markets. The Australian Government's <u>FTA Portal</u> provides tariff information on China, Japan, South Korea, New Zealand and Malaysia. Tariff data on more markets is being added to this portal.

You can also download export and import statistics for a specific product using the HTC on <u>Australian</u> Bureau of Statistics website.

<u>Free Trade Agreements</u> signed by Australia provide preferential tariffs to Australian exporters in certain markets. The <u>Department of Foreign Affairs and Trade</u> publishes the full text and related documents of Australia's Free Trade Agreements.

Finding a freight forwarder

The Customs Brokers and Forwarders Council of Australia Inc. (CBFCA) Member Directory contains an upto-date listing of international freight forwarders located in Australia.

Where do I start to learn about shipping?

<u>The Australian Freight Councils Network</u> – Provides references to state and territory-based freight organisations covering both air and sea cargo. Check the websites of members for information on services. <u>The Logistics Association of Australia</u> – Provides some useful background on logistics.

How do I learn more about export procedures and documentation?

<u>The Export Council of Australia</u> – deliver practical education programs to companies in Australia and overseas, upskilling thousands of importers and exporters over years.

Whether you're just starting out on your international business journey or you're a seasoned exporter, there is a pathway of programs and services available to assist you to develop your skills and knowledge.

Role of a Custom Broker

Because of the complexity involved with importing and exporting goods, many companies use customs brokers to act as their agents. Customs brokers clear shipments of imported goods, prepare required documentation for export shipments and collect duties and taxes. They act as an intermediary between importers and the government, helping companies deal with legislation. Customs brokers charge a brokerage fee, which is usually determined as a percentage of the value of the imported shipment. A set rate or fee can be negotiated by the importer and the customs broker based on complexity of customs entries, frequency of customs entries and noted value of imported goods. Most importers engage the services of a customs broker or consultant who offers some or all of the following services:

- Customs valuation
- Tariff classification
- Customs clearance
- Automated customs clearance through government-initiated programs
- International trade consulting and facilitation services
- Freight management and consolidation services
- Import and export purchase-order management
- Regional and national warehousing
- Non-resident import services Valuation,
- Origin of Goods or Harmonized System (HS) Code Ruling requests with government of importing country
- The preparation of customs accounting documents usually requires specialized knowledge in fields such as tariff classification, rates of duties and taxes, and origin of the goods.



Role of A Freight Forwarder

The freight forwarder or forwarding agent is an indispensable member of the international trade and transport community; the freight forwarder arranges for the international shipment of merchandise. Like travel agents – but dealing with cargo rather than passengers – freight forwarder use their knowledge of varying freight rates to offer the shipper the bet "package deal".

In addition to booking freight, freight forwarders may also handle export and customs documentation, insurance and port and terminal charges. Small exporters often consult with their freight forwarders before quoting a Price in a tender for a particular international transaction.

The terms "freight forwarder" and "forwarding agent" are generic terms encompassing a variety of specialized functions, within the profession. Some forwarders offer a wide range of these functions, whereas others restrict themselves to a single speciality or particular geographical coverage. These various functions are summarized below. In addition, it is important for traders to understand that forwarders may act as either agents or principals, with differing legal consequences.

Freight Forwarders main functions

Following the sequential order of international trade operations, the freight forwarders perform the following functions:

- Advice on export costs, including freight costs, port expenses, consular fees, special documentation costs, insurance costs and merchandise costs.
- Planning the most appropriate route for a shipment, taking into account the perishable or dangerous nature of the goods, cost, transit time and safety.
- Reservation and contracting of the necessary cargo space on a ship, aircraft, train or truck.
- Advising and contracting insurance for transportation of the merchandise on behalf of the client and, if applicable, assistance in the event of an accident.
- Advice on the most appropriate way to transport cargo and carry out the procedures for packing, stowing and loading the merchandise.
- Preparation and presentation of <u>Transport and Trade Documents</u> required for export and import, such as the CMR, Bill of Lading, Airway Bill, etc.
- Handling with customs agents abroad to ensure that goods and documents comply with customs regulations.
- Acting as an intermediary in customs negotiations around the world to guide the cargo efficiently.
- Use of e-commerce, Internet technology and satellite systems to allow real-time tracking of the transport of goods.
- Advice on legislation affecting international trade, political and social situations (strikes) as well as other factors that may affect the movement of goods.

Customs Agency Responsibilities

Entry:

Several documents need to be lodged (filed) with Customs before your shipment arrives at port. Customs also require an earlier lodgment (ISF filing), for ocean freight only, which must be completed 24 hours before the ship leaves the port of origin. Customs uses ISF filing information to sort shipments between those for speedy clearance and those warranting further investigation.

Clearance

Unless there's a problem, ocean freight is generally cleared within two days of the ship landing in port (but can be up to four days before estimated arrival). Air freight is generally cleared within one or two days of arrival.

Here's how a customs official will process your shipment:



- Inspect the paperwork,
- 2. Determine if duties apply,
- 3. Request duty payment,
- 4. Following confirmation of payment, release the shipment for pickup.

Some products can fit into more than one HS product description. You may not agree with the customs official decision, especially if it exposes you to higher customs duties, but they are the final arbiter. If the shipment hasn't been picked up 15 days it goes into storage, and you will face storage costs. If it remains unclaimed, it will be auctioned off.

Inspection

An inspection is conducted at Customs discretion, but this is more likely to occur when:

- The shipment contains food, drugs or animal goods.
- The shipment contains anything that might be construed as a threat to national health, safety, and security.
- Your record with them is blemished.
- You are starting out and have little or no record with them.

You might just get caught up in a random inspection, too, or, more frustratingly, another random encounter that affects your shipment's clearance is if another shipment in your container is singled out for inspection.

An inspection can take several forms. Non-intrusive inspections are fairly quick, but an intensive exam could take more than a week.

Customs Charges

Your forwarder can't on-charge (add to your invoice) the following Customs charges, so you will be billed separately for:

- Customs Duty. Determined by the product, country of entry, and de minimis level.
- Merchandise Processing Fee (MPF). This is a mandatory fee (\$25 minimum, \$485 maximum).
- Harbor Maintenance Fee (HMF). This small mandatory fee applies to ocean freight only.
- **Customs Fines And Penalties.** Customs may impose a heavy fine on late ISF filing. Non-intrusive inspections cost around \$275 at major ports, but an intensive examination costs around \$800, not including third-party transport and storage costs.

Customs Broker Responsibilities

As discussed in the <u>Freight Forwarders</u> chapter, you may engage a customs broker directly, or leave that to your forwarder.

Entry

Your customs broker prepares, checks, and lodges ahead of time, all of the documents required for filing. Clearance

Customs brokers may liaise with Customs throughout the entry and clearance process. Once the shipment is ready for clearing, there will be a limited window (varying by terminal and carrier) to arrange payment and clear the shipment from port.

Although Customs allows ten business days after filing for payment, customs brokers usually expect the importer to pay them before they pay Customs. To make sure that happens in time, customs brokers often give importers a three-day window to arrange payment to them.

Customs Broker/Forwarder Charges

- **Customs Clearance Fee.** The standard rate customs brokers charge for managing clearance is around \$50 for China's Customs, and several times more than that for US customs. This fee is also known as customs brokerage fee or customs entry fee.
- **ISF Filing Fee.** Some customs brokers will separate out costs associated with ISF filing, but it is often incorporated into their customs clearance fee.
- Telex Electronic Cargo Release Fee/EDI Fee. This charge to is cover the cost of sending forms and messages to ports, customs, etc. It's a dubious charge because email has replaced telexes, and neither email nor EDI has a variable cost. If this charge appears on your invoice, you should challenge it.

Your Responsibilities



Before The Shipment

Here's a recap of your customs-related responsibilities as they came up in previous chapters:

- Check for import restrictions (<u>Safety Standards & Labeling</u> and <u>Importer & Customs</u> <u>Responsibilities</u> chapters).
- Estimate customs duty (<u>Customs Duties</u> chapter).
- Provide standard documents at shipment booking (<u>Request For Freight Quote</u> and <u>Shipping Process</u> chapters).
- Where applicable, provide other docs, like the COO, MSDS, and fumigation certificate (Shipping Basics chapter).

During The Shipment

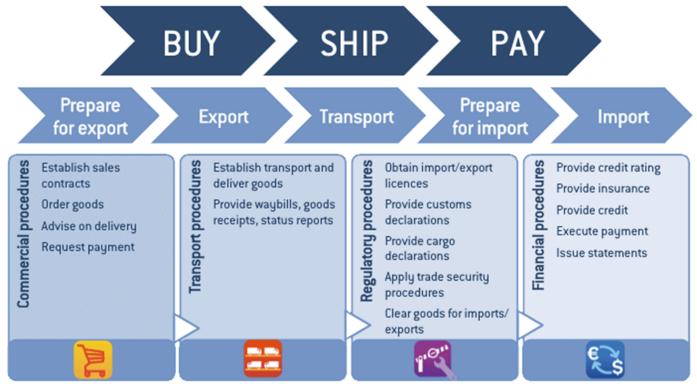
- Take out a customs bond. This is how US Customs ensures that they get any money owing on your shipment. Depending on how many shipments valued over \$2,500 you are looking to make in a year, your customs broker will advise whether you should take out a Continuous bond or a Single Entry bond. If you take out the latter, you will also need to take out an ISF bond for ocean freight. Bonds are the one Customs charge that can be on-charged (added to your customs broker or forwarder's invoice).
- **Be honest with customs and advance cargo reporting requirements.** Data automation has given regulators better visibility, and offenders face stiff penalties. The liable party usually ends up being the shipper (in other words, you).
- Check all documents for accuracy before forwarding to your customs broker.
- Pay customs clearance. Although customs brokers normally pay customs on behalf of their clients. Customs encourages importers to set up set up direct ACH (automated clearing house) payments. It helps speed up clearance, and for you, it removes the risk of being penalized for late clearance. If you start importing regularly you should consider ACH payment.

The Buy-Ship-Pay Reference Models

The <u>Buy-Ship-Pay reference models developed by UN/CEFACT</u> describe the main processes and parties in the international supply chain and the relationship between the high-level data entities of the involved international sales and transport contracts. International supply chains ensure that goods which are traded cross-border can be ordered, shipped and paid for while complying with regulatory requirements and providing <u>trade security</u>. The Buy-Ship-Pay business process reference model identifies the key commercial, logistical, regulatory and payment procedures involved in the international supply chain and provides an overview of the information exchanged between the parties throughout its various steps.

It provides the framework for any cross-border transport-related business and government domains to specify their own specific information exchange requirements whilst complying with the overall processes and data structures.





The Buy-Ship-Pay Reference Data Model has taken a holistic approach to develop a reference data model which brings together the data exchange requirements of international cross-industry trade and multimodal transport processes including related insurance, customs and other regulatory documentary requirements. It can be applied by any country, region or industry community to provide the definitions of contextualised transport-related data exchange documents which can be integrated into software solutions for traders, carriers, freight forwarders, agents, banks, Customs and Other Governmental Authorities etc.

Relevance to trade facilitation

The Buy-Ship-Pay reference models facilitate <u>Business Process Analysis</u> and <u>Data Harmonisation</u> efforts in various ways. The Buy-Ship-Pay business process reference model <u>can be utilized</u> in the scope phase by providing an overview for defining local business process requirements and it can also be used during <u>"To-Be" modelling</u> as a template in the detailed process modelling phase.

The Buy-Ship-Pay reference data model can be used as the basis for the data harmonisation as described in UNECE Recommendation 34 which is essential in the preparation of single Window implementations. It also provides a comprehensive foundation for developing globally aligned data exchange specifications which may be required for any aspect of the international supply trade.

Business partners in international trade

The Buy-Ship-Pay model identifies four main business partner types: Customer, Supplier, Intermediary and Authority. The types or organizations that make up these four categories, and the roles they play, are described. The following list identifies the main ones.

Customer Supplier Intermediary Authority



Buyer	Seller	Transport Service Provider	Customs Authority	
Invoicee	Invoicer	Bank	Environmental Agency	
Payor	Payee	Credit Agency	Agricultural Agency	
Importer	Exporter	Insurer	Chamber of Commerce	
Final Consignee	Original Consignor	Customs Agent	Consular Authority	
Transport Services Buyer	Transport Services Seller	Carrier Agent	Inspection Agency	
Ship To	Ship From	Commission Agent	Port Health	
	Manufacturer	etc.	etc	

The table shows a more detailed view of the business processes and transactions included in the Buy-Ship-Pay business process and the Buy-Ship-Pay Refence Data models.

The <u>diagrams</u> are provided to show the level of detail of information documented for each process in the business process models. Further details of the business processes covered by the Buy-Ship-Pay business process reference model including the important aspects of trade and transport security may be found <u>here</u>. The links between the two reference models and information of the fundamental relationship between international sales contracts and their associated international transport contracts as defined by INCOTERMS including the party roles involved and the definitions and relationships between the high-level data entities can be found in the Buy-Ship-Pay reference data model business requirements specification (BRS).

IATA-FIATA Air Cargo Program

The Background

The <u>IATA Cargo Agency program</u> has operated for many decades without significant alterations, despite compelling changes in the business relationship between cargo agents and airlines. Today, the traditional IATA Cargo Agent has transitioned from being a selling-agent of the airline to being a purchasing-customer.

In an effort to modernize the current Agency program, <u>FIATA</u>, the International Federation of Freight Forwarders' Association, representing international freight forwarders and logistics providers, and IATA, representing airlines, have joined forces.

The Concept

The objective of this cooperation is to review, refine, and re-engineer the airline conference based program to one which would be jointly managed by airlines and forwarders. Major steps have been made and this collaboration has resulted in the development of a new joint IATA-FIATA Air Cargo Program, and significant strides in redefining airline and forwarder responsibilities.

The new proposed governance mechanism establishes an IATA-FIATA Governance Board, which recognizes the role played by forwarders in today's marketplace as customers of the airlines and increases consultations at all levels to achieve common air cargo goals, which are objectives for both FIATA and IATA.

- Download the <u>IATA-FIATA Air Cargo Program Airline white paper</u> (pdf) for more details
- Download the <u>IATA-FIATA Air Cargo Program Forwarder white paper</u> (pdf) for more details
- Download the <u>IATA-FIATA Air Cargo Program Handbook</u> (pdf) for more details



- Download the <u>IATA-FIATA Air Cargo Governance Handbook</u> (pdf) for more details
- Download the <u>IATA-FIATA Air Cargo Program Forwarder Agreement</u> (pdf)
- See these <u>extensive FAQs</u> (pdf)

International Shipping

If you want to ship a consignment internationally, there are a few options available to you. Planes, trains, boats and automobiles are all used to ship goods between countries but different methods of postage suit different situations.

Methods Of Transportation

There are many ways to get your goods shipped worldwide. Shipping via road or rail is often the best option for shipping to neighbouring countries but what about if you need to import or export from further afield?

- Courier services In all likelihood, these are the services you will be most familiar with. Companies like FedEx and UPS are couriers that deliver from door to door.
 If you're shipping a small quantity, you're likely to use a courier service. (Personal items and gifts are examples of situations where courier services may be preferable.)
- **Air freight** Traditional air freight is a way to transport goods worldwide quickly by loading it on a plane and flying it to another country.
- **Sea freight** Sea freight is often the cheapest method of global shipping but it takes the longest amount of time.



ULD (International): CONTAINER

* The capacity indicated below is a maximum amount we can load per container. Please be aware that the regulations may vary according to the loading positions on the ULD and also on the aircraft.

IATA	Base size	Int Volume: m³(cuft)	Tare Wt:kg(Lbs)	
ID Code (ATA Code)	Illustration (Internal Dimension)	External Dimension L×W×H: cm (inch) Door Size: cm (inch)	Loadable Aircraft	Weight Lim Inc ULD Tare Wt :kg(Lbs)
DKH (AKH) (LD-3 -45WF)	60.4" × 61.5"	3.1 (109)	125 to 135 (276 to 298)	
	97 (345) 95 (372) 147(58) 140(55)	156 × 153 × 114 (61.5 × 60.4 × 45)	B747 B777 B767 A320	1,134 (2,500)
		147 × 95 (58 × 37)		
	60.4" × 61.5"	3.3 (116)	95 (209)	
AKH (LD-3 -45WF)	113 (44.5) 102 (40) 141(55)	156 × 153 × 114 (61.5 × 60.4 × 45)	B747 B777 B767 A320	1,134 (2,500)
		141 × 102 (55 × 40)		
AKE (LD-3)	60.4" × 61.5" 193(76) 155 (61) 142(56) 140(55)	4.0 (141)	90 to 100 (198 to 220)	
		156 × 153 × 163 (61.5 × 60.4 × 64)	B747 - B777 B767	1,587 (3,500)
		142 × 152 (56 × 60)		
AKE (LD-3) LIGHT WEIGHT TYPE	60.4" × 61.5"	4.4 (156)	71 (157)	
	158 (62.4) (59.5) 140 (55.1) 137(53.9)	156 × 153 × 163 (61.5 × 60.4 × 64)	B747 B777 B767	1,587 (3,500)
		140 × 151 (55.1 × 59.5)		
AKN (LD-3F) GOH	60.4" × 61.5" 142 (56) 143(56) 140(55)	3.8 (134)	120 (242)	
		156 × 153 × 163 (61.5 × 60.4 × 64)	B747 B777 B767	1,587 (3,500)
		143 × 139 (56 × 55)		

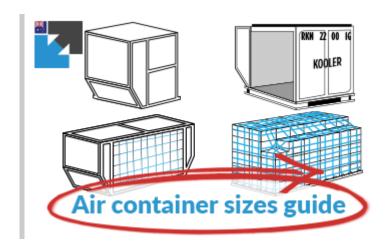
Table of the most common air freight container sizes

We have included a summary of the most common air freight container sizes in a table with the most frequently asked attributes.

Do note that air freight container sizes with their exact dimensions and capacity will vary slightly from manufacturer to manufacturer.

If you have any questions regarding the specifics of air freight container sizes, please do not hesitate to send us a message or give us a call on 1300651233. We are happy to help.







What are Incoterms® rules?

- ICC's Incoterms® rules are the world's essential terms of trade for the sale of goods. Whether you are filing a purchase order, packaging and labelling a shipment for freight transport, or preparing a certificate of origin at a port, the Incoterms® rules are there to guide you. The Incoterms® rules provide specific guidance to individuals participating in the import and export of global trade on a daily basis.
- Who publishes the Incoterms[®] rules?
- Since its founding in 1919, ICC has been committed to the facilitation of international trade.



- Different practices and legal interpretations between traders around the world necessitated a common set of rules and guidelines. As a response, ICC published the first Incoterms® rules in 1936. We have been maintaining and developing them ever since.
- As ICC celebrates its Centenary in 2019, the world business organization is pleased to announce the preparation and publication of *Incoterms® 2020*. This newest edition of the Incoterms® rules will help prepare business for the next century of global trade.
- Why use Incoterms[®] rules in international trade?
- Although other clauses for global trade exist around the world, such as the Harmonised Tariff
 Schedule of the United States, Incoterms^a rules are global in their reach. Similarly, Incoterms^a rules
 do not include trade terms codified for national purposes, such as the "less than truckload
 shipping" (LTL) rule of the United States. Unlike national trade policies, Incoterms^a rules are
 universal, providing clarity and predictability to business.
- What does "Incoterms" stand for?
- "Incoterms" is an acronym standing for international commercial terms. "Incoterms®" is a trademark of International Chamber of Commerce, registered in several countries.
- The Incoterms^{*} rules feature abbreviations for terms, like FOB ("Free on Board"), DAP ("Delivered at Place") EXW ("Ex Works"), CIP ("Carriage and Insurance Paid To"), which all have very precise meanings for the sale of goods around the world.
- These terms hold universal meaning for buyers and sellers around the world. If you are a financial
 analyst in the City of London, then you might associate the acronym "FCA" with the UK's Financial
 Conduct Authority. However, for importers and exporters around the world, FCA are the initials
 used for "Free Carrier," or the seller's obligation to deliver the goods to the carrier nominated by
 the buyer at the seller's premises or another named place.

https://www.freightforwarderquoteonline.com.au/air-freight-container-sizes-australia/#!/import

https://www.shipafreight.com/?gclid=EAlaIQobChMI17bx9oO55AIVyoRwCh1gaQOdEAAYAiAAEgKS5_D_BwE

https://www.freightos.com/freight-resources/ocean-freight-explained/

https://www.wwcf.com.au/quotations/

https://www.worldfreightrates.com/en/freight

Quote info....

Pickup From: SYDNEY

Destination Country: VIETNAM Destination Port: HAIPHONG

Via:

Freight Amount: USD 776.25 Fuel Surcharge: USD 0.00

Peak Season Surcharge: USD 0.00

Port Charges: \$ 250.00 Terminal Handling: \$ 380.00

Lift On / Off: \$ 88.00

Pickup (Metro Area): \$ 596.00 Pick Up Fuel Surcharge: \$ 89.40 Documentation Fee: \$ 178.00 AU\$ Ex. GST :\$ 1 581.40

AU\$: \$ 1 739.54 **Plus:** USD 776.25

The total cost for the shipment including Pickup, Bill of lading Completion, Customs Export Documentation, Terminal Handling, Sea freight, to the wharf/depot (HAIPHONG) is: **AU \$ 1 739.54** Plus **USD 776.25 Conditions:**QUOTATION IS VALID FOR 30 DAYS. TRANSIT TIMES ARE INDICATIONS ONLY. IMPORT RESTRICTIONS MAY APPLY, IT IS YOUR RESPONSIBILITY TO CHECK WITH THE IMPORT AUTHORITIES



OF THE DESTINATION COUNTRY PRIOR TO SHIPMENT. THIS QUOTATION EXCLUDES MARINE INSURANCE

Transit:25

(Destination Customs Clearance, All local import charges, Import duties, taxes and storage, where applicable, are not included and will be charged to the account of the consignee.)

This quotation excludes Marine Insurance, however marine insurance is available on request.

Total Cost of shipment in after currency conversion to Australian Dollars: \$2 937.46

About ARDA

The Agribusiness Regional Development Association (ARDA) is a not-for-profit organisation helping Australian food and beverage producers build sustainable businesses. With decades of experience across the agriculture supply chain, we connect our members with the right people, at the right time, to achieve business growth. ARDA is funded by the Department of Agriculture, Water and the Environment to deliver the Market Diversification Program.