

# Chapter 6: Cargo Transportation





# Cargo Transportation

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- ★ **Ocean Transport**
- ★ **Railway Transport**
- ★ **Air Transport**
- ★ **Other Modes of Transportation**



# 1. Sea Transport

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- ★ **Sea Transport** , also called **Ocean Transport (Shipping)**, is the most widely used mode of transportation in international trade .
- ★ It has the attraction of being a **cheap mode of transport for delivering large quantities of goods over long distances.**



# 1. Ocean Transport

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★ **Liner Transport**

★ **Tramp Transport**





# 1.1 Liner Transport

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- ★ **Definition**
- ★ **Characteristics**
- ★ **Calculation of Freight**
- ★ **Bill of Lading (B/L)**
- ★ **Shipment Clause in S/C**



# 1.1.1 Definition

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- ★ **A liner is a vessel with regular sailings & arrivals on a stated schedule between specific ports**



# 1.1.2 Characteristics

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## ★ Four Fixings

- regular line
- regular port
- regular timetable
- comparative fixed freight

## ★ One Responsibilities

- loading
- Unloading

★ B/L is the shipping contract between the carrier and the consignor.

★ Partial Lease of Shipping Space





# 1.1.3 Calculation of Freight

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- ★ Kinds of Liner's Freight Tariff
- ★ Contents of Liner's Freight Tariff
- ★ Composition of Freight
- ★ Basic Standards
- ★ Steps of Calculating Freight





## 1.1.3.1 Kinds of Liner's Freight Tariff

- ★ **Shipping Conference Freight Tariff**
- ★ **Liner's Company Freight Tariff**
- ★ **Cargo Owner's Freight Tariff**
- ★ **Freight Tariff of Both Parties**



## 1.1.3.2 Contents of Liner's Freight Tariff

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- ★ **Description & Regulations**
- ★ **Table of Cargo Classification**
- ★ **Table of Rout Freight Rate**
- ★ **Table of Surcharges**



# 1.1.3.3 Composition of Freight

## ★ Basic Freight



## ★ Surcharges

- Heavy Lift Additional
- Long Length Surcharge
- Direct Additional
- Transshipment Surcharge
- Port Surcharge
- Congestion Surcharge

## ★ Surcharges(cont.)

- Bunker Surcharge or Bunker Adjustment Factor
- Optional Fees
- Alternation of Destination Surcharge
- Deviation Surcharge



# 1.1.3.4 Basic Standards

- ★ gross weight - Weight Ton -- “**W**”
  - ★ volume - Measurement Ton-- “**M**”
  - ★ gross weight or volume -- “**W/M**”
  - ★ Value of cargo -- “**A.V.**” (Ad Valorem)
  - ★ gross weight or volume or A.V. – “**W/M or A.V.**”
  - ★ G. W. or volume plus A.V.— “**W/M plus A.V.**”
  - ★ Number of cargo
  - ★ Open rate
- Freight Ton**



# Examples of Basic Rate

## ★ Typical Rate Basis

- W:weight ton
- M:measurement ton
- W/M
- A.V.
- Unit
- Head
- Minimum rate
- Open rate

## Examples

USD80/Ton

USD80/ Ton

USD80/ USD80/ Ton

0.1% of FOB value

USD60/Unit

USD15/Head

USD150/B/L

To be negotiated



## 1.1.3.5 Steps of Calculating Freight

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- ★ Find the grade & charge standard
- ★ find the basic freight rate
- ★ find the surcharge rate
- ★ get the total freight





# Calculating Freight

- ★ **Liner Freight**  
= basic freight rate + surcharges and additional
- ★ **Calculation formula of liner freight**
  - **Total Freight**  
= Total Quantity × Basic Freight Rate  
× (1+ Surcharge /Additional Rates)
  - Basic Freight Rate: quoted by the carrier
  - Surcharge /Additional Rates: quoted by the carrier





# Calculating (1)

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- ★ One company exports canned fruit juice to Vancouver (Canada) under CFR trade terms. The gross weight is 8M/T, measurement is 10M<sup>3</sup>. Please calculate the total freight of the cargo.



# Calculating (1)

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- 1、 " Classification of Commodities": find "Fruit Juice" " **8 class**", calculating standard is "**M**"
- 2、 Consult "Scale of Class Rates for China-Canada Service": "**basic rate**" for "8 class" is "HKD219.00/Freight ton"
- 3、 " **Surcharge rate**": "BAF" is 20%, "Port congestion surcharge" is 10%.
- 4、 Get the **total freight**.



# Calculating (1)

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Basic freight:  $219.00 \times 10 = 2190.00(\text{HKD})$

Surcharge:

$$219.00 \times (20\% + 10\%) \times 10 = 657.00(\text{HKD})$$

$$\begin{aligned} \text{Total freight} &= \text{Basic freight} + \text{Surcharge} \\ &= 2190.00 + 657.00 = 2847.00(\text{HKD}) \end{aligned}$$

or:

$$\begin{aligned} \text{Total freight} &= 219.00 \times 10 \times (1 + 20\% + 10\%) \\ &= 2847.00(\text{HKD}) \end{aligned}$$



# Calculating (2)

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- ★ One company exports goods, the unit price is USD35.00/carton, CFR Liverpool, but the U.K. importer asks to offer FOB price. Notify:  
Carton: length 45cm, width 40cm, height 25cm, G.W.:35kg. Calculating standard: W/M.  
Basic freight rate: USD120.00/Freight ton,  
Surcharges: BAF 20%, Port surcharge 10%.  
Question: How much should the company offer?



# Calculating (2)

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- ★ (1) Measurement:  
 $M = 0.45 \times 0.40 \times 0.25 = 0.045$  (cubic meter)
- ★ (2) W/ M:  $0.045 > 0.035$
- ★ (3) Total Unit Freight:  
 $F = 120 \times 0.045 \times (1 + 20\% + 10\%) = 7.02$  (USD)
- ★ (4) FOB price:  
 $FOB = CFR - F = 35 - 7.02 = 27.98$  (USD)

# Calculating (3)



**Company A exports 100 cartons (CTN) of dinner services, the Volume of each carton is  $25 \times 20 \times 20$ cm, net weight is 13kgs/CTN, gross weight 15kgs/CTN. The freight calculation standard of the goods is W/M, the basic rate is USD200/FT, and BAF of this line is USD10/FT, and the PS is 10% of the basic freight. Please calculate the amount of the freight?**

# Calculating (3)



$$M=0.25\times0.2\times0.2=0.01M^3$$

$$W=0.015M/T$$

$$W>M$$

$$\begin{aligned}\text{Freight} &= [200 \times (1 + 10\%) + 10] \times 0.015 \times 100 \\ &= 230 \times 0.015 \times 100 \\ &= \text{USD}345.00\end{aligned}$$





# 1.1.4 Bill of Lading

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★ Roles of B/L

★ Contents of B/L

★ Kinds of B/L



# 1.1.4 Bill of Lading

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## ★ Bill of lading (B/L)

### ● Definition

- a document issued by an ocean carrier to a shipper with whom the carrier has entered into a contract for the carriage of goods.



# 1.1.4.1 Roles of B/L

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- ★ **cargo receipt**
- ★ **document of title to the goods**
- ★ **evidence of the contract of carriage**



# 1.1.4.2 Contents of B/L

## ★ On the face of the B/L

- Consignor (shipper)
- Consignee
- party to be notified
- name of the vessel
- ship's nationality
- Voyage Number
- port of shipment & port of destination
- Freight
- Number of the copies of B/L
- Main Particulars
- Declaration



# 1.1.4.2 Contents of B/L

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## ★ Clauses on the back of the B/L

- Obligation & responsibility of the carrier
- Exceptions
- Claim & action clauses
- Duty & obligation the consignor
- Transportation clauses for special goods
- Other clauses

<b>Shipper</b>		<div style="text-align: center; font-size: 2em; font-weight: bold;">COSCO</div>		
<b>Consignee Or order</b>				
<b>Notify Party</b>				
<b>Vessel</b>	<b>Place of Receipt</b>			
<b>Voyage Number</b>	<b>Port of Loading</b>			
<b>Port of Discharge</b>	<b>Place of Delivery</b>	<div style="display: flex; justify-content: space-between;"> <span><b>Final * Destination</b></span> <span><b>Number of Original Bs/L</b></span> </div>		
<b>MARKS AND Nos</b>	<b>Quantity and kind of package</b>	<b>Description of Goods</b>	<b>Gross weight,kgs. Measurement</b>	
<b>Total number of container or other packages or units received by the carrier (in words)</b>				
<b>Freight and Charge</b>	<b>Metric freight tons</b>	<b>Rate</b>	<b>Prepaid</b>	<b>Collect</b>
<b>SHIPPED ON BOARD THE VESSEL</b> <div style="display: flex; justify-content: space-between; margin-top: 10px;"> <span><b>DATE:</b></span> <span><b>Signed at</b></span> <span><b>Date</b></span> </div>				

## Ship per

Bill of Lading No

### Consignee



ORIGINAL

**Notify Party**

Delivery Agent:

Place of Receipt

Port of Loading

Vessel

Port of Discharge

Place of Delivery

No. of Original B/L

### Marks & Numbers

No. of Plgs. or Shipping Units

Description of Goods & Plgs.	Quantity	Unit Price	Total Price
1. 1000 units of Product A	1000	10.00	10000.00
2. 500 units of Product B	500	20.00	10000.00
3. 200 units of Product C	200	50.00	10000.00
4. 100 units of Product D	100	100.00	10000.00
5. 50 units of Product E	50	200.00	10000.00
6. 20 units of Product F	20	500.00	10000.00
7. 10 units of Product G	10	1000.00	10000.00
8. 5 units of Product H	5	2000.00	10000.00
9. 2 units of Product I	2	5000.00	10000.00
10. 1 unit of Product J	1	10000.00	10000.00
11. 1 unit of Product K	1	10000.00	10000.00
12. 1 unit of Product L	1	10000.00	10000.00
13. 1 unit of Product M	1	10000.00	10000.00
14. 1 unit of Product N	1	10000.00	10000.00
15. 1 unit of Product O	1	10000.00	10000.00
16. 1 unit of Product P	1	10000.00	10000.00
17. 1 unit of Product Q	1	10000.00	10000.00
18. 1 unit of Product R	1	10000.00	10000.00
19. 1 unit of Product S	1	10000.00	10000.00
20. 1 unit of Product T	1	10000.00	10000.00
21. 1 unit of Product U	1	10000.00	10000.00
22. 1 unit of Product V	1	10000.00	10000.00
23. 1 unit of Product W	1	10000.00	10000.00
24. 1 unit of Product X	1	10000.00	10000.00
25. 1 unit of Product Y	1	10000.00	10000.00
26. 1 unit of Product Z	1	10000.00	10000.00
27. 1 unit of Product AA	1	10000.00	10000.00
28. 1 unit of Product AB	1	10000.00	10000.00
29. 1 unit of Product AC	1	10000.00	10000.00
30. 1 unit of Product AD	1	10000.00	

Gross Weight
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Measurement

Total Number of Containers or Packages (in words)

ABOVE PARTICULARS FURNISHED BY SHIPPER

### Freight Details, Charges etc.

Excess Value Declaration: Refer to Clause 6(4)(B)+(C) on reverse side

LADEN ON BOARD THE VESSEL

[illegible]

Place and date of issue \_\_\_\_\_

Signed as Agents for the Carrier:

by \_\_\_\_\_

## JURISDICTION AND LAW CLAUSE

These Conditions and any claim or dispute arising out of or in connection with the services of the Company shall be subject to Hong Kong law and the exclusive jurisdiction of the Hong Kong courts.





## 1.1.4.3 Kinds of B/L

- ★ shipped on board B/L & received for shipment B/L
- ★ clean B/L and unclean B/L
- ★ Straight B/L, order B/L & blank B/L
- ★ Direct B/L, Transshipment B/L & Through B/L
- ★ Long Form B/L & Short Form B/L
- ★ Original B/L & Copy B/L



## 1.1.4.3 Kinds of B/L

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### ★ Other types of B/L

- Ante-dated B/L
- Advanced B/L
- On Deck B/L
- Stale B/L
- **Sea Waybill (Ocean Waybill)**



## According to whether the goods have been loaded on board the carrying vessel

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### ★ Shipped on Board B/L and Received for Shipment B/L

● **A shipped on Board B/L** is evidence that the goods have been loaded on board a certain steamer.

● **contain:**

📦 **the name of the carrying vessel**

📦 **the date of shipment**



# Shipped on Board B/L and Received for Shipment B/L

★ A received for shipment B/L is evidence given by the ship-owner that the goods have been received for shipment but have not yet been actually loaded on a particular ship.

- Difficult to anticipate date of arrival, so not favorable by buyer

- **Ways of becoming Shipped B/L**

- Wording such as “Goods shipped on board S/S Red Star on May 10, 2011” added and signed by the carrier or the agent on the received B/L



# According to the condition of the exterior packing of the received cargo

## ★ Clean B/L and Unclean B/L

- A clean B/L shows that the goods have been shipped on board a vessel in apparent good order and condition.---

**” shipped in apparent good order and condition ”**

“old packing”, “old carton”

- Unclean B/L generally marked:  
“insufficiently packed” , “carton old and stained” , “...packed in damaged condition” , etc.



# According to the address of the consignee

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## ★ Straight B/L, Order B/L and Blank B/L "

● **A straight B/L** is made out so that only the named consignee at the destination is entitled to take delivery of the goods under the bill.

➤ Straight B/L is **not transferable**.

<b>Shipper</b>		<b>COSCO</b>			
<b>Consignee Or order</b>					
<b>Notify Party</b>					
<b>Vessel</b>	<b>Place of Receipt</b>				
<b>Voyage Number</b>	<b>Port of Loading</b>				
<b>Port of Discharge</b>	<b>Place of Delivery</b>	<b>Final * Destination</b>	<b>Number of Original Bs/L</b>		
<b>MARKS AND Nos</b>	<b>Quantity and kind of package</b>	<b>Description of Goods</b>	<b>Gross weight,kgs. Measurement</b>		
<b>Total number of container or other packages or units received by the carrier (in words)</b>					
<b>Freight and Charge</b>	<b>Metric freight tons</b>	<b>Rate</b>	<b>Prepaid</b>	<b>Collect</b>	
<b>SHIPPED ON BOARD THE VESSEL</b>					
<b>DATE:</b>		<b>Signed at</b>		<b>Date</b>	





## According to the address of the consignee

★ **A blank B/L is also called “open B/L” or “bearer B/L”**

● Refers to the bill in which the name of a definite consignee is not mentioned.

📦 The consignee box left blank or open, or bearing the wording “To bearer”

📦 Blank B/L can be transferred **without endorsement**.

📦 High risk → unfavorable in international trade



# According to the address of the consignee

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★ An order B/L indicates that the bill is made out to the order of any person named in such a bill.

- To order or to order of

- Order B/L can be **transferred** after endorsement.

- **Special endorsement:** signature of the endorser and name of the endorsee

- **Blank endorsement:** signature of the endorser but no name of the endorsee

- Widely used in international trade



## According to whether transshipment is involved in transit

### ★ Direct B/L, Transshipment B/L and Through B/L

- **A direct B/L** is evidence that the goods are shipped and carried by the steamer and transported from the port of loading **direct** to the port of destination without transshipment during the voyage.

- Preferred by the buyer



# Direct B/L, Transshipment B/L and Through B/L

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- ★ A transshipment B/L is a document showing that when there is no direct service between two ports, the goods are transshipped at an intermediate port from one vessel to another before reaching the final destination.
- Involving additional charges, longer time and higher risks in transit, therefore unfavorable to the buyer



# Direct B/L, Transshipment B/L and Through B/L

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★ **A through B/L is issued when the entire voyage involves more than one carrier.**

- The **first carrier** issues the bill and collects the freight for the entire voyage, and arranges transshipment and forwarding of the goods at the intermediate port.



# According to the perplexity or simplicity of the content

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## ★ Long Form B/L and Short Form B/L

- **A long form B/L:** on the back of which all the detailed terms and conditions about the rights and obligations of the carrier and consignor are listed as an integral part of the bill.
- **A short form B/L** is a document which omits the terms and conditions on the back of the B/L.



# According to the validity

## Original B/L

- Valid only after being signed by the shipping company or its agent
- Showing “Original” and the number of the signed originals
- Normally made out in **a set of three originals**
- An evidence showing the ownership of goods
- Presented for taking the delivery of the goods at destination, one is used, the others becomes void automatically

## Copy B/L

- Bearing “Copy” “Duplicate” or “Non-negotiable”
- Normally only used for reference or for records
- made out in several to be a **full set** of together with the originals



# *Other Types of B/L*

## ★ Ante-dated B/L

- In order to avoid non-acceptance for negotiation of the B/L by the bank, when the actual loading date is **slightly later** than the date of shipment stipulated in the L/C, the carrier sometimes, at the request of the shipper, will issue to the shipper an ante-dated B/L so as to meet the requirement of the L/C.

● **constitute a fraud**





# *Other Types of B/L*

## ★ **Advanced B/L**

● An advanced B/L is the one that is issued **before** actual loading of the goods is completed or even before the commencement of the actual loading operation.

● **constitute a fraud**



# *Other Types of B/L*

## ★ On Deck B/L

- Is issued when the goods are stowed on deck.
- The carrier shall not be responsible for the damage to and losses of the deck goods.
- Usu. unaccepted by the bank.
- Special cargoes, “loading on deck to be allowed” in the contract and the relative L/C
- Specific insurance should be taken out by the shipper.



# *Other Types of B/L*

## ★ Stale B/L

- Is a bill when it is presented to the consignee or bank later than a specified time after issuance.
- «**UCP 600**» : the B/L shall be presented within a specified time after issuance---within **21 days after issuance of the B/L**.
- or presented later than the goods' arrival at the destination
- necessary to add a clause that a “Stale B/L is acceptable” in the contract for short voyages



# Sea Waybill (Ocean Waybill)

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- ★ A sea waybill is the replacement of the traditional ocean bill of lading.
- ★ The waybill is a **non-negotiable** document and made out to a named consignee who is allowed, upon production of proper identification, to claim the goods **without presenting the waybill.**



## 1.1.5 Shipment Clause in S/C

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- ★ Time of Shipment
- ★ Port of Shipment & Port of Destination
- ★ Transshipment and Partial Shipment



# 1.1.5.1 Time of Shipment

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## ★ Time of shipment

- refers to the time limit for loading the goods on board the vessel at port of shipment (if shipment is made by sea).



# Delivery of Goods

## ★ Definition:

- Refers to the act of the seller transferring the title to the goods to the buyer in accordance with the stipulations in the contract.
  - 📦 **Symbolic delivery or Constructive delivery**
  - 📦 **Actual delivery or Physical delivery**



## 1.1.5.1 Time of Shipment

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- ★ **time of shipment vs. time of delivery**
  - **for shipment contracts**  
time of shipment = time of delivery
  - **for all arrival contracts**  
time of shipment  $\neq$  time of delivery





# 1.1.5.1 Time of Shipment

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## ★ specifying a fixed period of time

- e.g. Shipment on or before/about/after Sept. 15th
- Shipment in/during/first half/middle July 2012

## ★ setting a time period upon receipt of payment

- e.g. Shipment within 45 d/s after receipt of L/C

## ★ In the Near Future

- e.g. Prompt shipment



# Some explanation on shipment date in UCP600

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- ★ If the expression “**on or about**” or similar expressions is used, banks will interpret them as a stipulation that shipment is to be made during the period from **five days before to five days after** the specified date, **both start and end days included**.
  - **Eg: If the L/C stipulates that shipment date is on or about May 15, 2014, then the goods can be shipped between May 10 and May 20.**



# Some explanation on shipment date in UCP600

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★ The words "to", "until", "till", "from" and "between" when used to determine a period of shipment include the date or dates mentioned,

★ and the words "before" and "after" exclude the date mentioned.



# Some explanation on shipment date in UCP600

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- ★ The terms “first half”, “second half” of a month shall be construed respectively as the 1st to the 15th, and the 16th to the last day of such month, all dates inclusive.



# Some explanation on shipment date in UCP600

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- ★ The terms “beginning”, “middle”, or “end” of a month shall be construed respectively as the 1st to the 10th, the 11th to the 20th, and the 21st to the last day of such month, all dates inclusive.



## 1.1.5.2 Port of Shipment & Port of Destination

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- ★ **One port of shipment in one transaction.**  
eg: Port of shipment: Shanghai
- ★ **large amounts of goods, stored at different places, two or more ports of shipment are also specified .**  
eg: Port of shipment: Shanghai/Ningbo
- ★ **Sometimes, a general clause like “China ports” may be used.**



# Optional ports

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- ★ If the buyer can not determine the port of destination when entering the contract with the seller, he can use one of several ports as the port of destination in contract.
- ★ CIF London, optional Hamburg/Rotterdam

# 1.1.5.2 Port of Shipment & Port of Destination



## ★ Issues concerning port of shipment and destination:

- close to the origin of the goods
- considering port facilities, regulations, specific transportation conditions, charges and possible sanctions..
- definite and specific
- being aware of different ports in the same name





# 1.1.5.3 Transshipment and Partial Shipment

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## ★ Transshipment

- Transshipment means **unloading** from one means of conveyance and **reloading** to another means of conveyance (whether or not in different modes of transport) during the carriage from the place of dispatch, taking in charge or shipment to the place of final destination stated in the credit.



# 1.1.6.3 Transshipment and Partial Shipment

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## ★ Transshipment

- Transshipment Allowed
- Designated second voyage No. At port of transshipment unacceptable

## ★ Relevant Provisions in UCP600

- Transshipments are allowed, unless the Credit stipulates otherwise.



# 1.1.6.3 Transshipment and Partial Shipment

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## ★ Partial shipment

- Means the commodities under a contract are to be shipped in **more than one lot**.



### 3) Article 31 UCP600 (Uniform Customs and Practice for Documentary Credits)

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#### Partial Shipments/Drawings

- ① Partial drawings and/or shipments are **allowed**, unless the Credit stipulates otherwise.
- ② Transport documents which appear on their face to indicate that shipment has been made on the **same means of conveyance** and for the **same journey**, provided they indicate the **same destination**, will not be regarded as covering partial shipments, even if the transport documents indicate different dates of shipment and/or different ports of loading, places of taking in charge, or dispatch.

### 3) Relevant Provisions in UCP600



- ③ If drawings and/or shipments by installments within given periods are stipulated in the Credit and any installment is not drawn and/or shipped within the period allowed for that installment, the Credit ceases to be available for that and any subsequent installments, unless otherwise stipulated in the Credit.



# 1.1.5.3 Transshipment and Partial Shipment

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## ★ partial shipment and transshipment: issues

- relevant contractual laws & practice
- stipulating specific time and quantity for each lot in case of partial shipment allowed

e.g.

- partial shipments are allowed in two monthly equal lots in May and June
- (1500 MT) In three equal monthly lots
- in three lots, 500 MT for each month



# Case Study

- ★ ABC company signed a contract to export 200M/T of beans. The letter of credit stipulated: "partial shipment not allowed". When the shipment was being made, the exporter loaded 100M/T each on board the same vessel for the same voyage at the port of Shanghai and the port of Dalian. The shipment document was clearly marked with the ports of shipment and the dates of shipment.
- ★ Question: Did the exporter violate the terms of the L/C?



# Case Study

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- ★ Dee company signed a large export contract stipulating: "Shipment will be made during August of 2012." But due to the problems with the vessel, the shipment was not made until September 13. Upon Dee's request, the carrier ante-dated the B/L to August 31.
- ★ Question: (1) What could be the consequence of ante-dating?
- ★ (2) What would be the right thing to do in case of a possible shipment delay?





# 1.2 Tramp Transport

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- ★ **Definition**
- ★ **Modes of Tramp Transport**
- ★ **Calculation of Freight**
- ★ **Charter Party**
- ★ **Shipping Terms in S/C**



# 1.2.1 Definition

## ★ Definition

- A tramp is a freight-carrying vessel which has no regular route or schedule of sailings.

## ★ Characteristics

- No fixed routes
- No fixed timetables
- Freight charged on the volume of cargo
- Suitable for cargo of a complete shipload (e.g. bulk cargo)



## 1.2.2 Modes of Tramp Transport

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- ★ **Voyage Charter**
- ★ **Time Charter**
- ★ **Demise Charter or bareboat charter**
- ★ **Time Charter on Trip Basis (TCT)**



# 1.2.2.1 Voyage Charter

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★ According to the **route** stipulated in the charter party, the **ship-owner** is responsible for delivering the goods to the port of destination and for managing the ship as well as bearing all expenses.



# 1.2.2.1 Voyage Charter

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## ★ Types of voyage Charter

- single voyage charter
- return voyage charter
- successive voyage charter

## ★ Responsibilities

- **Charterer:** loading and unloading expenses, demurrages, etc.
- **Shipowner:** manage the ship & bear all expenses



# 1.2.2.2 Time Charter

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- The charterer charters the ship for a period of **time** during which the ship is deployed and managed by the **charterer**.



# 1.2.2.2 Time Charter

## ★ Responsibilities

### ● Charterer

- ⌚ deploy and manage the ship
- ⌚ bear loading, unloading, stowing and trimming, fuel, port, overwork expenses

### ● Shipowner

- ⌚ responsible for seaworthiness
- ⌚ bear wages, board expenses of crew, and vessel insurance premium

## ★ Functions

- used as either liner transport or voyage charter



# 1.2.2.3 Demise Charter

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## ★ Demise Charter or Bareboat Charter

- Belongs to time charter
- The ship-owner only provides the charterer with a **bareboat**, the charterer shall employ the crew by himself.





# 1.2.2.3 Demise Charter

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## ★ Responsibility

- **Shipowner**

- ⌚ only provide the charterer with a bareboat

- **Charterer**

- ⌚ employ the crew
  - ⌚ bear all expenses

## ★ Function

- used as a voyage charter
- used as a time charter



## 1.2.3 Calculation of Freight

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- ★ **Tonnage of the goods loaded**
- ★ **Tonnage of the goods unloaded**
- ★ **On all-round contract basis**



# 1.2.4 Charter Party

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- ★ Interested parties
- ★ name and flag of the ship
- ★ Description and Quantity of the Shipments
- ★ Time of Chartering
- ★ Freight
- ★ Loading and Unloading Expenses
- ★ Time Limit of Loading and Unloading
- ★ Demurrage and Dispatch Money
- ★ Commence and Termination of Laytime



# 1.2.4.1 Lay time

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## ★ Lay time

- also called lay day, is the period of time allowed to the charterer for the loading or unloading of goods without additional charge .

## ★ Methods of stipulation

- Days or running days or consecutive days
- Weather working days of 24 hours
- **Weather working days of 24 consecutive hours**



# 1.2.4.2 Loading and Unloading Expenses

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- ★ **Liner Term**
- ★ **Free in (F.I.)**
- ★ **Free out (F.O.)**
- ★ **Free in and out (F.I.O)**
- ★ **Free in and out, stowed, trimmed (F.I.O.S.T)**



# 1.2.4.3 Demurrage and Dispatch Money

## ★ Demurrage

- certain amount of **fine** for the exceeding the time of loading and unloading paid by the charterer

## ★ Dispatch Money

- certain amount of **bonus** for loading and unloading ahead of time paid by shipowner to the charterer.

★ **normally dispatch money =  $\frac{1}{2}$  the demurrage**



# 2 Railway Transport

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★ Characteristics

★ Kinds of Railways Transport

★ Documents



# 2.1 Characteristics

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- ★ **large delivery quantity**
- ★ **fast speed**
- ★ **small risks**
- ★ **successive transport**





## 2.2 Kinds of Railways Transport

### ★ International Railway Through Transport

- The International Convention Concerning the Carriage of Goods by Rail -- European countries
- The international Railway Cargo Through Transport agreement –Asian countries

### ★ National Railway Transport

- Railway transport at home
- Railway transport to H.K. And Macao



## 2.3 Documents

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### ★ **Railway Bill**—International

- original -- transport contract-- for consignee
- duplicate -- cargo receipt -- for consignor

### ★ **Cargo Receipt** –National

- original --transport contract & cargo receipt (e.g B/L)



# 3 Air Transport

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- ★ Characteristics
- ★ Kinds of Air Transport
- ★ Documents



# 3.1 Characteristics

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- ★ **Fast**
- ★ **Safe**
- ★ **lowest risk**
- ★ **Unlimited ground condition**
- ★ **Suitable for fresh, perishable and seasonable goods**



## 3.2 Kinds of Air Transport

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- ★ **Scheduled Airline**
- ★ **Chartered Carrier**
- ★ **Consolidated consignment**
- ★ **Air express**



## 3.3 Air transportation freight rate

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- ★ **general cargo rates**
- ★ **minimum charges**
- ★ **class rates**
- ★ **special commodity rates**



## 3.3 Air transportation freight rate

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### ★ General cargo rates

- W: by weight (usu. **1 kg** as the unit)
- M: by measurement (usu. **6000 cm<sup>3</sup> = 1kg**)
- W/M: by weight or by measurement,  
subject to the higher



## 3.3 Air transportation freight rate

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### ★ Air freight: illustration

- Company A wants to send one consignment to Sydney, Australia. The goods are packed in 50 cartons, each weighing 15kgs, with measurement as 50 x 40 x 30cm. The air freight rate is quoted at USD2.00/KG (W/M). How much would the total air freight cost?





# Solution

- ★ **W: 15 kg**
- ★ **M:  $(50 \times 40 \times 30) / 6000 = 10\text{kg}$**
- ★  **$W > M$ , so W will be adopted for the calculation of air freight**
- ★ **Total air freight**
  - = Total Quantity  $\times$  Basic Freight Rate
  - = 50 cartons  $\times$  15kg  $\times$  USD2.00
  - = USD1500
- ★ **Answer: the total air freight cost is USD1500.**



# 3.4 Documents

## ★ Airway Bill – AWB

### ● Original

- ✎ No.1 -- for carrier-- transport contract
- ✎ No.2 -- for Consignee
- ✎ No. 3 -- for Shipper -- cargo receipt

### ● Duplicates

- ✎ several -- for relevant sections



## 4. Other Modes of Transportation

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- ★ **Highway Transport**
- ★ **Inland River Transport**
- ★ **Postal Transport**
- ★ **Pipeline Transport**
- ★ **Container Transport**
- ★ **Land Bridge transport**
- ★ **Inter' I M-modal Transport**



# 4.5 Container Transport

## ★ Mode of Loading

- FCL: full container load
- LCL: less than container load

## ★ Mode of Delivery

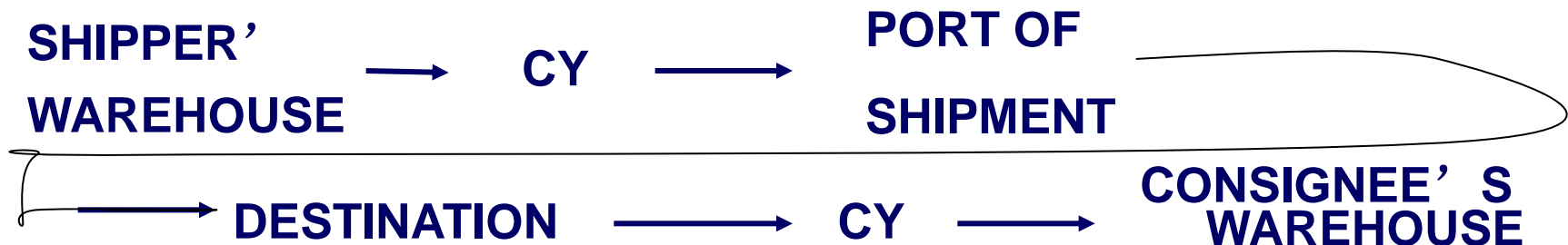
- FCL/FCL
- LCL/LCL
- FCL/LCL
- LCL/FCL

## ★ Place of Delivery

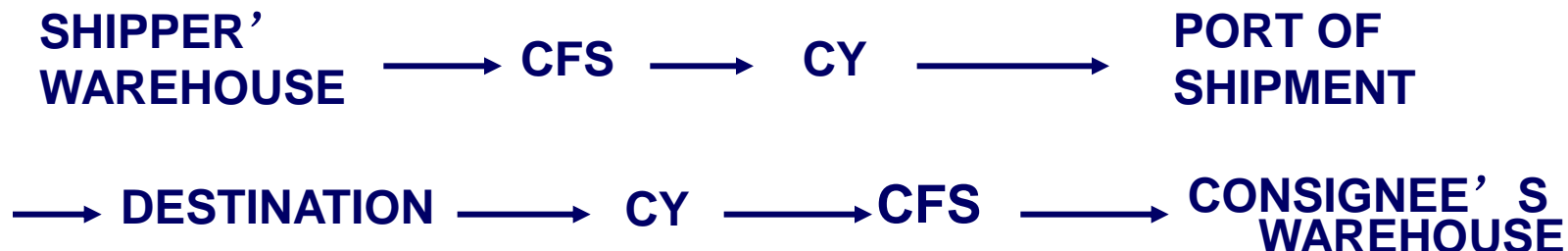
- Door to Door
- Door to CY
- Door to CFS
- CY to Door
- CY to CY
- CY to CFS
- CFS to Door
- CFS to CFS

## 4.5) Delivery of goods by container shipment

### ❖ for FCL goods



### ❖ for LCL goods



**CY (Container Yard)**

**CFS (Container Freight Station)**

# 箱管作业场地



2002 7 23



# 七层堆高机



# 进口拆箱和出口装箱







# 4.5 Container Transport

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## ○ Container freight

- **FCL:** determined mainly by
  - the capacity of the container
- **LCL:** similar to those of the ocean liner service
  - W, M or W/M
  - surcharges and additional if applicable



# 4.5 Container Transport

## ★ Transport Documents

- Dock Receipt
- Container B/L
- Multimodal Transport Document -- MTD





## 4.6 Land Bridge Transport

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### ★ Definition

- a mode of transport that connects the ocean transport on the two sides of the land by the **railway**/highway which runs across the continent. --- “sea-land-sea”

### ★ Two Main Land Bridges

- American Land Bridge
- Siberian Land Bridge

# 西伯利亚大陆桥线路 **Vostochny Port**





# Vladivostok Commercial Port

符拉迪沃斯托克[苏联远东区港市](中国传统称海参崴)





# Siberian Railway Freight Car

## 西伯利亚铁路运货车厢





## 4.7 International Multi-modal Transport

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- ★ 《United Nations Convention on International Multi-modal Transport of Goods 》
  - means the carriage of goods by **at least two different modes of transport** on the basis of a **multi-modal transport contract** from a place in one country at which the goods are taken in charge by the **multi-modal transport operator** to a place designated for delivery situated in a different country.



## 4.7 Inter' I Multimodal Transport

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### ★ Basic conditions

- international transportation
- at least two modes of transport
- multimodal transport document
- multimodal transport operator (MTO)
- a single factor rate





## 4.7 International Multi-modal Transport

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### ★ “Multi-modal transport operator”

- means any person who on his own behalf or through another person acting on his behalf concludes a multi-modal transport contract and who acts as a **principal**, not as an agent or on behalf of the consignor or of the carriers participating in the multi-modal transport operations, and who assumes **responsibility for the performance of the contract**.



# Difference between M.T.D. and Through B/L

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- ① Modes of transportation are different
- ② The issuers are different
- ③ Responsibilities of the issuers are different
- ④ A through B/L is a shipped, on board B/L, while an M.T.D. may be a shipped on board B/L, but in most cases, it is a received for shipment document.

