



*Excellence in Export Education.*

# ***International Logistics***

John Seasholtz - UPS

# ***Export 101 Agenda***

**1. Getting Ready to Export**

**2. Developing Customer Relationships**

**3. Building a Global Infrastructure**

***4. International Logistics***

**5. Managing Payments & Financing**

**6. Trade Regulations & Legal Issues**



# ***International Logistics***

***This section is designed to provide you with basic information relative to the logistics of moving goods across international borders.***

- This section will:
  - Teach you that the logistics choices you make affect your profit margins
- Following this section, you will be better positioned to:
  - Select your transportation mode
  - Identify needed resources
  - Complete documentation
  - Identify physical risk



# ***International Logistics***

## ***Agenda***

**1. Comprehensive Plan Components**

**2. Logistics Providers**

**3. Costs of Choices**

**4. Terms of Sales - INCOTERMS**

**5. International Documentation**



Proactive Planning

**Getting Ready**

Integrity  
Loyalty, Trust  
Partnerships

**Developing Relationships**

Goods  
Information  
Money

**Building Infrastructure**

**International Logistics**

**Trade Regulations & Legal**

Regulatory Compliance  
Denied Parties

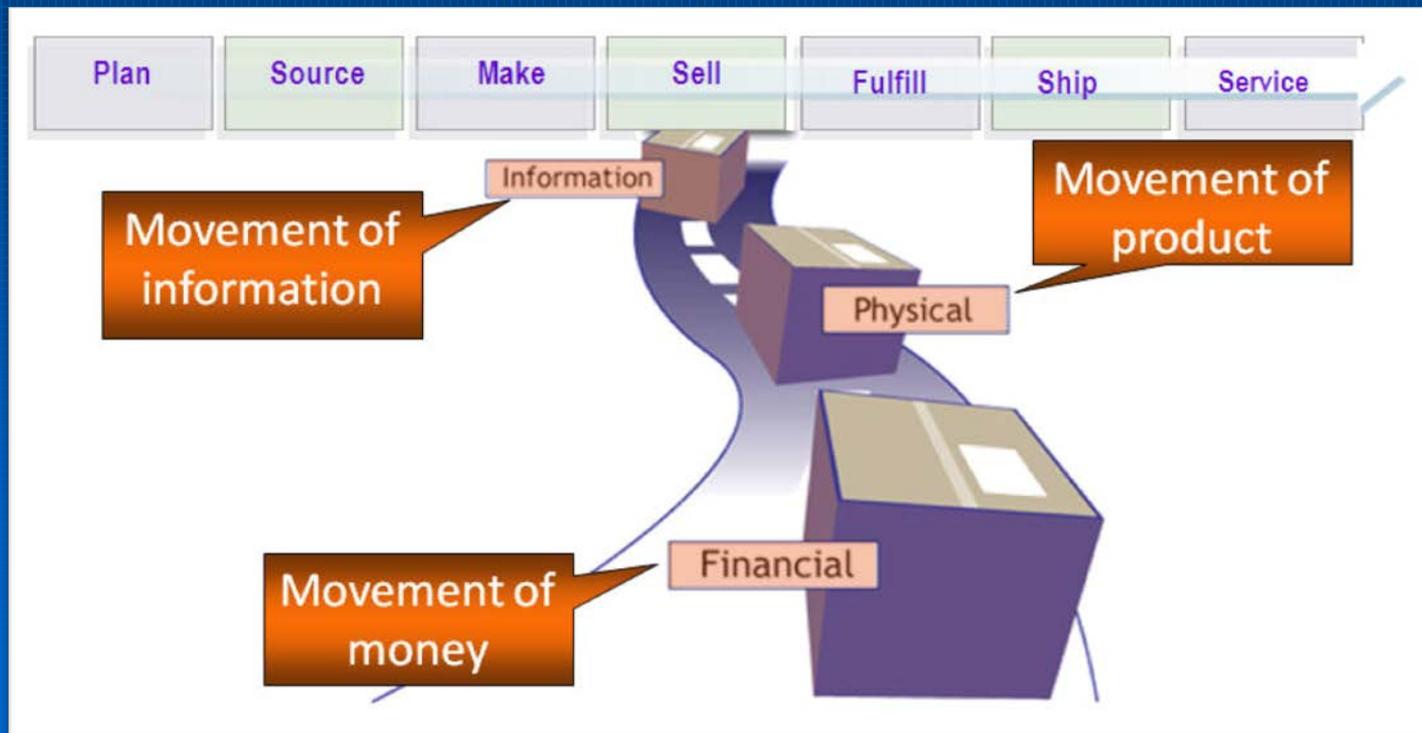
**Managing Payments & Financing**

Profit Projections  
Letters of Credit



# ***The Movement of Information, Money and Goods***

***Understanding the movement of these facets of trade will help you develop your program.***



# ***Designing Your Program***

## ***Resource review to manage your logistics***

- Inbound supply chain
- Production and fulfillment capacity
- Returns policy and process



# Options For Consideration

## Simplify Your Logistics Program

	Manage In-House	3 <sup>rd</sup> Party	Freight Forwarder	Integrator	Combo
Reputation					
Customer Service					
Mode Choices					
Global Coverage					
Visibility					
Cost					

Which Items are Most Important To You?



# ***Modes of Transportation***

## **Truck/Rail**

- Station to Station
- Door to Door
- FTL
- LTL

## **Ocean**

- Port to Port
- Door to Door
- CGR
- Full Container
- Partial or Consolidated

## **Air**

- Air
- Door to Door
- Cargo
- Full Position
- Full Container
- Palletized
- Multi-Pieces

## **Multi-Modal**

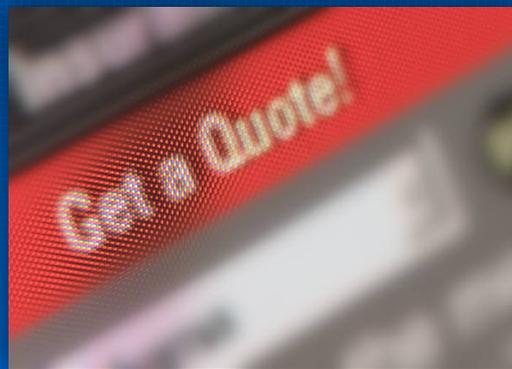
- Any combination



# ***Obtaining a Rate Quote***

***Providers have the ability to provide quotes with various options for your consideration.***

- Required information consists of all physical shipment details
  - Ask yourself – What else do I need to know?
  - Ask for several quotes outlining multiple options



# ***Factoring in Cost of Choices***

***Choices always have a cost element and have a direct effect on your landed cost and ultimate profit margins.***

## **Products**

- Value
- Competition
- Shelf life
- Seasonality
- Product integrity

## **Terms**

- D/T Payer
- Freight Payer
- Country D/T rates
- Quantities

## **Movement**

- Mode
- Speed
- Size
- Resources

**Landed Cost**



# ***Export Documentation***

***Describes a number of things – product, importer of record, terms of sale, freight/duty/tax payer, etc.***

## **Documentation**

- Intl Waybill (IAWB)
- Commercial Invoice (CI)
- Electronic Export Info (EEI)
- Cert. of Origin (NAFTA)
- Bill of Lading
- Export Declaration
- Packing List
- Letter of Credit

## **Information**

- Importer of record
- Full commodity description with value of the goods
- Harmonized Tariff Code
- Terms of Sale
- Payer for Duties and Taxes



# ***Commodity Classification***

***Multi-purpose international goods classification systems used in classifying goods moving in the process of international trade.***

- Classification has a direct impact on your duty/tax rates and documentation requirements
  - Harmonized System (HS) numbers
  - Harmonized Tariff Schedule of the United States (HTS or HTSUS)
  - Schedule B



# ***Freight Insurance and Declared Value***

***Securing cargo insurance protects your financial interests. Carriers are not responsible for losses beyond their control.***

- Know the differences between freight insurance and declared value to ensure you make the best choice
- Protects against the risk of physical loss/damage in transit
- Law or tariff restrictions limit liability



# ***Terms of Sale***

*INternational COmmercial TERMS (INCOTERMS®) are published by the International Chamber of Commerce.*

- Most commonly accepted terms of sale
- INCOTERMS
  - 11 terms of shipment and delivery, available worldwide
  - Written to reflect, not dictate trade practice
  - Always abbreviated - three character, accompanied with geographic place
- <http://www.iccwbo.org/incoterms/>
  - 2010 (current version)



# ***Labeling & Packaging***

***When you focus on the product itself and the packaging needed for shipping, your products will be market ready and arrive safely.***

- Pack to Protect
- Help buyer to identify the shipment
- Requirements change across countries
- Use strong containers
- Do not over pack, even out weight distribution
- Use pallets, outer containers if needed
- Avoid product and brand names on outside of boxes



# ***Tools and Resources***

- U.S. Commercial Service website
  - [Export.gov](http://Export.gov) – Free
- U.S. Census Harmonized Code Lookup
  - [uscensus.prod.3ceonline.com/#/p=0](http://uscensus.prod.3ceonline.com/#/p=0)
- A Basic Guide to Exporting – 11th Edition
  - Available online at [amazon.com](http://amazon.com) – Approx. \$20
- Dictionary of International Trade – Approx. \$65
  - Available online at [worldtradeexpress.com/Dictionary\\_of\\_International\\_Trade.php](http://worldtradeexpress.com/Dictionary_of_International_Trade.php)
- Incoterms
  - [iccwbo.org/incoterms/](http://iccwbo.org/incoterms/)



# Next Steps

Incorporate logistics before setting sales prices.

Learn  
Country  
Import  
Rules

Identify  
Required  
Documents  
& HS  
Codes

Identify  
Packaging  
Needs

Select the  
Best  
Transportation  
Mode



# ***Frequently Asked Questions***

- Where can I locate the correct tariff code for my commodity/product?
- Why should I use a harmonized code?
- Why does the information about the commodity as written on the waybill need to be repeated on a commercial invoice?
- Are electronic documents acceptable?
- When should I consider a multiple piece shipment versus a palletized shipment?



# ***What Questions Do You Have?***



# ***Appendix***

## ***Items For Use As Handouts***



## INTERNATIONAL COMMERCIAL TERMS

2010



Seller/ Exporter	Export Formalities and Fees	Pre-Carriage	Delivery at named place Seller's Side	Loading Alongside Vessel	Onboard Ship or Vessel	Transport by Air, Rail or Ocean	Onboard Ship or Vessel	Discharge at Port of Arrival	Delivery at Terminal Buyers's Side	Onward Carriage	Import Formalities and Duties	Buyer/ Importer
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### Group E — DEPARTURE — The seller makes the goods available at the named place

EXW EX Works (...named place of delivery)	Carriage	Carriage of the goods from the "named place of delivery" is arranged by the BUYER	
	Risks	Risk transfers from SELLER to BUYER when the goods are made available to BUYER at SELLER's "named place of delivery"	
	Costs	Costs transfer from SELLER to BUYER when the goods are made available to BUYER at SELLER's "named place of delivery"	

### Group F — MAIN CARRIAGE UNPAID — The seller/exporter is only responsible to deliver the goods to a carrier named by the buyer

FCA Free CARRIER (...named place of delivery)	Carriage	Pre-carriage, if any, is arranged by the SELLER	Main Carriage is arranged by the BUYER or by the SELLER on behalf of the BUYER
	Risks	Risk transfers from the SELLER	to the BUYER when the goods have been delivered to the CARRIER at the "named place of delivery"
	Costs	Costs transfer from the SELLER	to the BUYER when the goods have been delivered to the CARRIER at the "named place of delivery"

FAS Free Alongside Ship (...named port of shipment)	Carriage	Pre-carriage is arranged by the SELLER	Main carriage of the goods is arranged by the BUYER
	Risks	Risk transfers from the SELLER	to the BUYER when the goods have been placed alongside the ship at the "named port of shipment"
	Costs	Costs transfer from the SELLER	to the BUYER when the goods have been placed alongside the ship at the "named port of shipment"

FOB Free On Board (...named port of shipment)	Carriage	Pre-carriage is arranged by the SELLER	Main carriage of the goods is arranged by the BUYER
	Risks	Risk transfers from the SELLER to the BUYER	when the goods are loaded onboard the vessel at the "named port of shipment"
	Costs	Costs transfer from the SELLER to the BUYER	when the goods are loaded onboard the vessel at the "named port of shipment"

### Group C — MAIN CARRIAGE PAID — The seller contracts and pays for carriage, but is not responsible for costs or risks once the goods have been shipped

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<b>CFR</b> <b>Cost and Freight</b> (...named port of destination)	<b>Carriage</b>	Carriage of the goods to the “named port of destination” is arranged by the SELLER	Onward carriage is arranged by the BUYER
	<b>Risks</b>	Risk transfers from the SELLER to the BUYER when the goods are loaded	onboard the vessel at the “named port of shipment” (not destination)
	<b>Costs</b>	Costs transfer from the SELLER to the BUYER	upon delivery at the “named port of destination”
<b>CIF</b> <b>Cost, Insurance and Freight</b> (...named port of destination)	<b>Carriage</b>	Carriage of the goods and Insurance to the “named port of destination” is arranged by the SELLER	Onward carriage is arranged by the BUYER
	<b>Risks</b>	Risk transfers from the SELLER to the BUYER when the goods are loaded	onboard the vessel at the “named port of shipment” (not destination)
	<b>Costs</b>	Costs transfer from the SELLER to the BUYER	upon delivery at the “named port of destination”
<b>CPT</b> <b>Carriage Paid To</b> (...named place of destination)	<b>Carriage</b>	Carriage of the goods to the “named place of destination” is arranged by the SELLER	
	<b>Risks</b>	Risk transfers from the SELLER	to the BUYER when the goods have been delivered to the (first) CARRIER
	<b>Costs</b>	Costs transfer from the SELLER to the BUYER at the “named place of destination”	
<b>CIP</b> <b>Carriage and Insurance Paid to</b> (...named place of destination)	<b>Carriage</b>	Carriage of the goods and Insurance to the “named place of destination” is arranged by the SELLER	
	<b>Risks</b>	Risk transfers from the SELLER	to the BUYER when the goods have been delivered to the (first) CARRIER
	<b>Costs</b>	Costs transfer from the SELLER to the BUYER at the “named place of destination”	

**Group D — ARRIVAL — The seller is responsible for all costs associated with bringing goods to the “named place or port”**

<b>DAT</b> <b>Delivered At Terminal</b> (...named terminal at port or place of destination)	<b>Carriage</b>	Carriage of the goods to the “named terminal at port or place of destination,” unloaded, is arranged by the SELLER	
	<b>Risks</b>	Risk transfers from the SELLER to the BUYER when the goods are made available to the BUYER at the “named terminal at port of place of destination”	
	<b>Costs</b>	Costs transfer from the SELLER to the BUYER when the goods are made available to the BUYER at the “named terminal at port of place of destination”	
<b>DAP</b> <b>Delivered At Place</b> (...named place of destination)	<b>Carriage</b>	Carriage of the goods to the named place of destination	ready for unloading is arranged by the SELLER
	<b>Risks</b>	Risk transfers from the SELLER to the BUYER when the goods are made available	ready for unloading at the “named place of destination”
	<b>Costs</b>	Costs transfers from the SELLER to the BUYER when the goods are made available	ready for unloading at the “named place of destination”
<b>DDP</b> <b>Delivered Duty Paid</b> (...named place of destination)	<b>Carriage</b>	Carriage of the goods to the named place of destination ready for unloading	is arranged by the SELLER
	<b>Risks</b>	Risk transfers from the SELLER to the BUYER when the goods are made available ready for unloading	at the “named place of destination”
	<b>Costs</b>	Costs transfer from the SELLER to the BUYER when the goods are made available ready for unloading cleared for import	at the “named place of destination”