



Excellence in Export Education.

International Logistics

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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

Regulatory Compliance
Denied Parties

**Trade
Regulations
& Legal**

**Developing
Relationships**

Profit Projections
Letters of Credit

**Managing
Payments &
Financing**

**Building
Infrastructure**

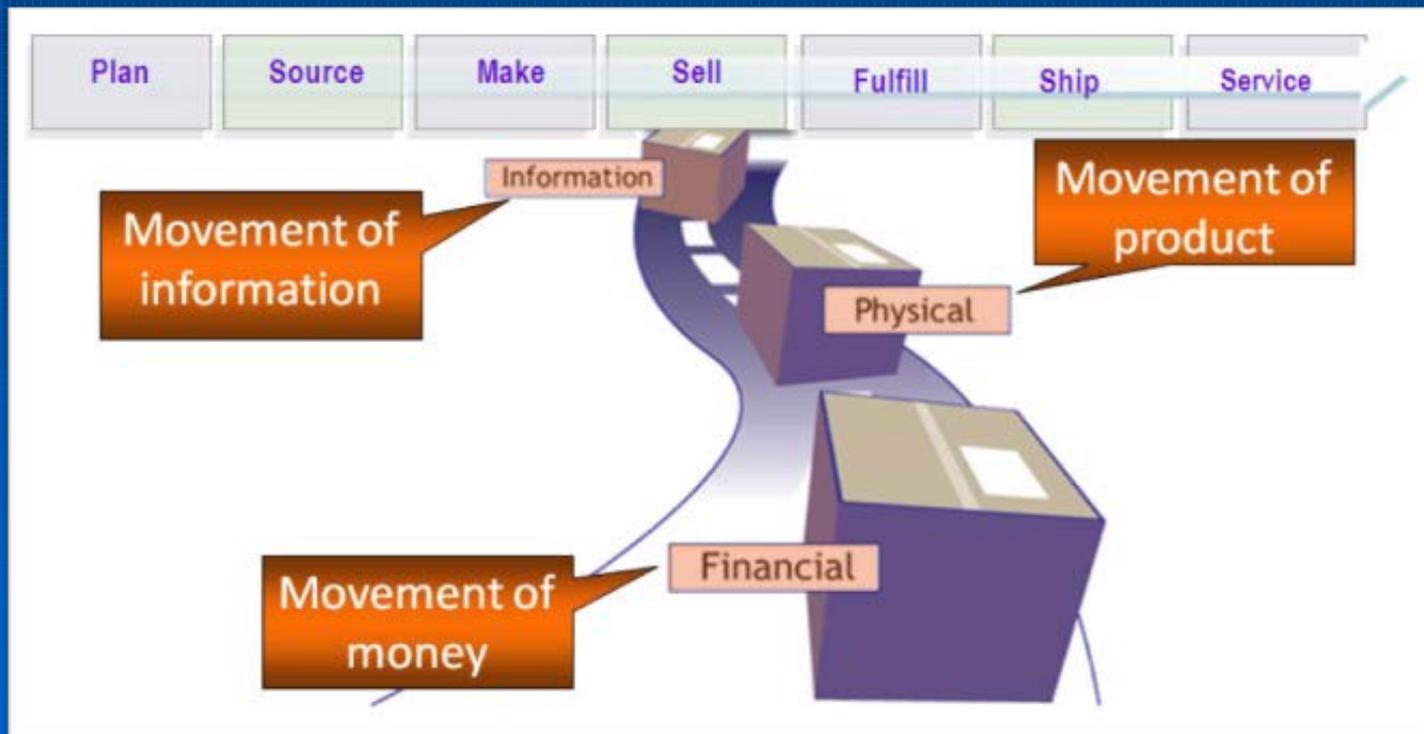
Goods
Information
Money

**International
Logistics**



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 rd 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

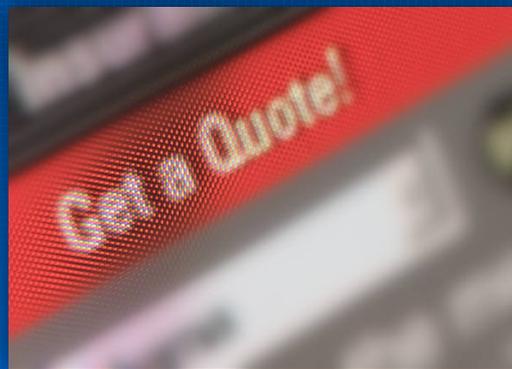
- **Any combination**



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 – Free
- U.S. Census Harmonized Code Lookup
 - uscensus.prod.3ceonline.com/#/p=0
- A Basic Guide to Exporting – 11th Edition
 - Available online at amazon.com – Approx. \$20
- Dictionary of International Trade – Approx. \$65
 - Available online at worldtradeexpress.com/Dictionary_of_International_Trade.php
- Incoterms
 - 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

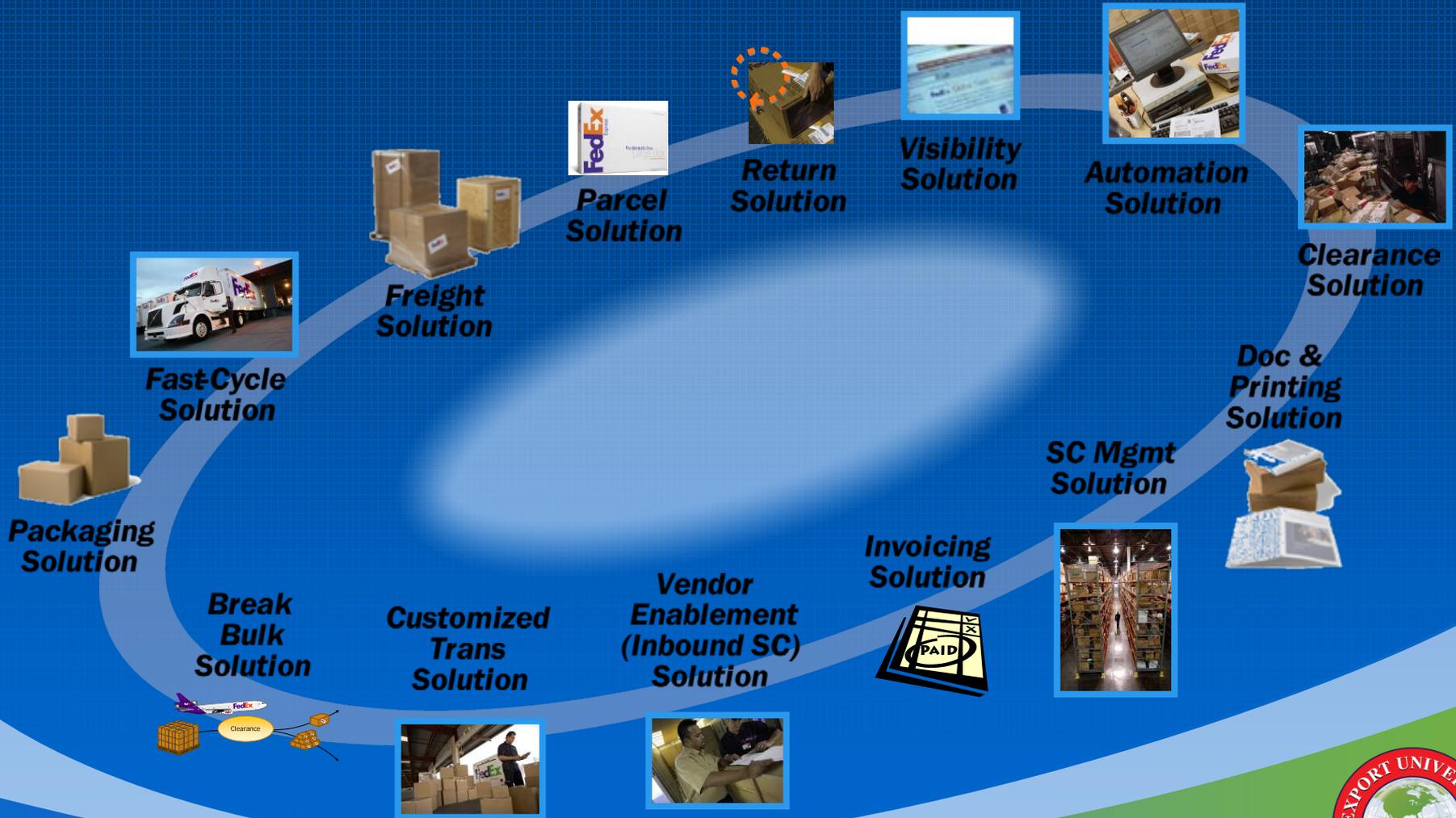
- Where can I locate the correct tariff code for my commodity/product?
- Why should I use a harmonized code?
- Why does the information about the commodity as written on the waybill need to be repeated on a commercial invoice?
- Are electronic documents acceptable?
- When should I consider a multiple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



What Questions Do You Have?



Solutions Are Available



Export Documentation

Correct documents ensure shipments are cleared through customs timely, efficiently and correctly

Bad Descriptions	Good Descriptions
Samples	Wood screws (samples)
Parts	Guide, part for printing press
Promotional items	Golf balls, ballpoint pens, key chains (for promotional use only, not for sale)
See Commercial Invoice or see invoice	Desktop computer system (see Commercial Invoice for breakdown)
Part #Tf123	USB computer cable
Gift	Man's 100% cotton T-shirt (gift)
No description	Business letter



Obtaining a Rate Quote

- Required Information

- Commodity
- Volume
- Weight / Measure
- Containerize/Break Bulk
- Hazardous (MSDS)
- Terms of Sale
- Point of origin (city zip code)
- Port of destination
- Available ship date
- Destination delivery date

Questions to Ask

How long to get a rate?

How long does the rate apply?

Shipment lead time?

Discount opportunities

Cost breakdown – what does the rate include?

What extra costs are there?



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

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

Options For Consideration

Simplify Your Logistics Program

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



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