

Shipper/ Consignee Manual



Shipper / Consignee Manual

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Simple Overview of Importation Process

THESE MUST ALWAYS BE DONE IN ADVANCE!

- ü Register the consignee organization with the appropriate federal agencies to obtain duty-free status.
- ü Obtain a letter of tax and duty exoneration for the shipment.
- ü Obtain an importation permit for the shipment.
- ü Obtain local customs forms.

Ü Begin the customs clearance process.

The importation of cargo will be discussed according to the following outline. It is highly desirable that all four activities below are conducted as a “rubber stamped” process. The costs for such a process should be included in the local budget. Often the lack of a local budget is the very reason the consignee cannot perform the above functions at all or on time.

1. **Receive** the containers from the carrier
2. **Clear** the containers through customs
3. **Deliver** the containers to his own door
4. **Coordinate** the above three functions

Also the process is discussed in terms of:

- (A) What is normal and usual
- (B) What is extraordinary and bad.

A. NORMAL AND USUAL

1. **Receive the Containers from the Carrier (Carrier Release):**

Typically, the prepaid part of the journey ends when the container is sitting in the nearest customs terminal to the consignee. The consignee must claim the cargo by submitting the original bill of lading and paying any local port charges. A carrier release is thereby obtained.

Local port charges may have various types/names: Wharfage or Administration fees. Local port charges may involve the cost of moving the container through the port area: Container Service Charge (CSC), or Destination Terminal Handling Charge (DTHC), or Destination and Delivery Charge (DDC).

NOTE 1: Dealing with the carrier may also involve submitting to them other customs clearance documentation including invoice, packing list, import permit, letter of donation, health certificates, harmonized codes, etc. The carrier may use these documents when conducting in-transit customs processing.

NOTE 2: Some discharge ports are “free out” ports. This means that some coordination for unloading the cargo off of the vessel or rail and placing it on the container yard may be necessary.

2. **Clear Containers through Customs (Customs Release):**

This process is the control a nation has over what enters its sovereignty and to earn money. Customs wants to know the basic answers to basic questions like, “What is it?,” “Is it safe?,” and “What is it worth?.”

The consignee should present the basic answers to these basic questions in the form of customs clearance documents:

- Bill of Lading
- Pack List

- Invoice
- Letter of Donation
- Tax and Duty Exoneration
- Fumigation Certificates
- Import Permits/ Other

NOTE 1: Some countries require these documents to be legalized or authenticated by the nation's consulate here at the origin (USA). Some countries require the cargo be inspected either physically, or by its documents, before shipment (Pre-shipment Inspection). Some countries require the packing list indicate harmonized codes.

NOTE 2: These shipping documents are normally sent by courier to the consignee. The consignee should have his organization set up with appropriate legal status. The consignee should have obtained any required import permits or licenses. The consignee or his agent will also complete local customs forms.

NOTE 3: Sometimes, on a random sample basis, or for reason of policy, or for reason of anything suspicious (like inconsistency in the documentation) customs officials require the cargo itself be examined.

NOTE 4: Any demurrage and/or wharfage that has been levied must be paid prior to customs release.

3. Deliver the Container to His Own Door (Drayage)

When the carrier release and the customs release are obtained within the allotted free time, the cargo may then go out of the respective carrier gate and the customs gate. The consignee must then remove the container, have it delivered to his door, unload it, sweep it clean, and return it to the carrier in the same condition as received within the allotted free time.

NOTE: At some places, the carrier will not release the containers unless the consignee puts down a deposit to guarantee their safe return.

4. Coordinate the Above Three Functions (Customs House Broker)

The consignee typically uses an inbound agent to conduct the three above functions, often called a Customs House Broker.

NOTE: Agents vary in costs and in what services they will or will not provide. It is advisable for a consignee to choose carefully an agent who seems trustworthy, responsive, dependable, knowledgeable, and reasonable in cost.

B. EXTRAORDINARY AND UNWANTED

1. Demurrage – if the carrier release or customs release is delayed, this charge is for the extra time the equipment (container/ chassis) is tied up. Often the daily charge accelerates every specified

time period (day, week, or month). Demurrage is applied to the container at the terminal or to the container and chassis outside the terminal.

2. Wharfage/Storage (quay hire, cargo rent) – if the carrier release or customs release is delayed, this charge is for the space where the container sits on the port. This charge is assessed by the local port or terminal authority.
3. Equipment damage and/or cleaning charge – when the containers are removed from the terminal, the trucker, on behalf of the consignee, signs a “clean” receipt (meaning “no damage”). If returned with broken tail lights, flat tires, missing mud flaps, dirty container, etc., the terminal will bill the consignee through the trucker.
4. Customs penalties – levied if the cargo is not cleared within a specified time, or with improper entry information.
5. Taxes and Duties – if the Letter of Exoneration is not obtained at all or is not a complete exoneration, taxes, duties, VAT, etc. can be levied.

Operational areas that need preparation in advance:

1. Clearing/Forwarding Agent

The Consignee is required to enlist the help of a local clearing/forwarding agent to assist in the importation process. The ship line’s agent, who is often listed on the Ocean Bill of Lading, may offer clearing/forwarding services but using them is not advised as the shipping company (and their agent) may be different from year to year.

1. Name of Clearing/Forwarding Company: _____
2. Contact Person: _____ 3. Position: _____
3. Address: _____
4. Phone Number:() _____ 6. Fax Number: () _____
7. Email _____

2. Customs Documents

The Shipper requires the Consignees to research all possible customs requirements and necessary documentation for importation at their local customs department and relevant government ministries. A good clearing/forwarding agent can be a great help here.

Consignees will receive the following four documents from the Shipper's freight forwarder once the shipment has sailed from its port of loading in the United States:

- ◆ Certificate of Humanitarian Aid (Letter of Donation)
- ◆ Proforma Invoice
- ◆ Photo Packing List
- ◆ Ocean Bill of Lading.

These documents will first be faxed to the consignee and the originals will then be sent by DHL. Consignees can expect to receive the original documents 10-12 days after the sail date. The Consignee may request from the Shipper a set of preliminary documents for the purpose of obtaining exoneration from duties and taxes. The Shipper can prepare and send the Certificate of Humanitarian Aid, Proforma Invoice and Photo Packing List at any time during the year.

The fourth document called the Ocean Bill of Lading (OBOL) is issued and sent to the consignee only *after* the "sail date" when the shipment is loaded on the ocean vessel.

In other words, the OBOL cannot be issued in advance.

What shipping documents are required by your local customs office for importation?	
Documents	Required -Yes or No
a. Certificate of Humanitarian Aid	
b. Proforma Invoice	
c. Packing List	
d. Certificate of Quality	
e. Certificate of Origin	
f. Import License	
g. Pre-shipment inspection	
h. Ocean Bill of Lading	
i. Other documents (Please list) _____ _____	

NOTES:

3. Duty and Tax Exoneration

The recipient of the cargo is responsible to have on its team an organization that is registered with the appropriate government agency as a non-profit organization that has been granted the authority to receive humanitarian aid shipments duty and tax-free. This organization is the Consignee organization.

All contents of your shipments are categorized as humanitarian aid and offered as free gifts to children of your country. The gift boxes are not for sale or barter and have no commercial value. Most countries have provisions that exempt humanitarian aid shipments from taxes and duties.

The Consignee must provide the Shipper with a Letter of Exoneration from duties and taxes from the appropriate government ministry before any shipment can be sent. The Letter of Exoneration must be applied for and issued by the appropriate government offices, and sent to the Shipper by (Date)_____. The Shipper can send the Consignee a customs packet, which contains the relevant documents necessary for presentation of the tax exoneration request to the local authorities. The Shipper suggests that Consignees contact the local customs office and the Ministry of Finance with their request for tax exoneration.

Authority 1 -- Please list the appropriate government authority that is responsible for giving the application for tax and duty exoneration.

Authority 2 – Please list the government authority that is responsible for granting the final tax and duty exoneration.

Authority 3 – Please list other government agencies and documents which might be helpful in the tax exoneration procedure.

Authority 1 _____ Document 1

Authority 2 _____ Document 2

Authority 3 _____ Document 3

NOTES:

4. Port of Discharge Information

The term “Port of Discharge” refers to the port where the sea containers are unloaded (discharged) from the ocean vessel and placed on mainland.

The “Place of Customs Clearance” refers to the location (city) where the cargo passes through customs requirements.

A. For land-locked countries that are surrounded by other countries and therefore do not have a seaport.

- 1. Location of your preferred port of discharge: _____
- 2. Location of your place of customs clearance: _____
- 3. How long can the containers remain at the customs terminal without incurring storage and demurrage charges? (grace period) _____
- 4. What are the fees for container storage and demurrage after the “grace period?” _____
- 5. Do you have a preferred clearing / forwarding agent at the port of discharge that will help you with logistics formalities?

6. Do you have a preferred trucking company that will be used to transport your containers from the port of discharge to your customs clearance destination? This is called “On-Carriage.”

B. For non-land-locked countries that have a Seaport

1. Location of your preferred port of discharge: _____

2. Location of your place of customs clearance: _____

3. How long can the containers remain at the customs terminal without incurring storage and demurrage charges? (grace period) _____

B. What are the fees for container storage and demurrage after the “grace period?” _____

5. Do you have a clearing/forwarding agent at the port that helps you with these formalities?

6. Do you have a preferred trucking company who will perform final delivery services for you?

NOTES:

5. Overland Trucking – In-Country

The Shipper will arrange for the delivery of the containers to the place of customs clearance. In addition to customs clearance, it is the responsibility of the Consignee to arrange for the trucking from the place of customs clearance to the warehouse and specific distribution locations. This is called “Final Delivery.”

A. Customs Clearance Terminal to Consignee’s Warehouse

1. Trucking company:

2. Warehouse address:

Kilometers

Driving time

3. Customs Clearance Terminal to warehouse: _____

B. NLT Warehouse to distribution sites

To reduce the Consignee’s cost of transporting the cargo from the warehouse to their final distribution sites, some Consignees recruit Regional Teams and Distribution Site Coordinators to pick up their allotment of cargo from the warehouse.

1. Trucking company:

2. Distribution sites:

3. Are there prohibitions for travel on specific days?

4. Are there any specific licenses or permits required?

5. Are the routes suitable for all vehicles?

NOTES:

6. Storage -- In-Country

The Consignee is responsible for any and all in-country storage needs.

1. How much space will you need?

2. How many days will you need the space?

3. Will the boxes be secure against looting or theft?

4. What will be the total cost of storage (including: warehouse rent, security, labor, etc.)? _____

5. How many warehouse staff members are needed?

6. What equipment will be necessary in the warehouse to load/unload?

NOTES / DIAGRAMS:

7. Consignee Operational Budget Items

The Shipper is committed to getting the shipment to you with the minimum amount of challenges possible. Please see below for SHIPPER'S LEVEL OF FINANCIAL RESPONSIBILITY FOR CUSTOMS CLEARANCE.

CUSTOMS CLEARANCE

WHO DOES IT?

1. The Consignee is responsible for contacting a clearing/forwarding agent and forming a trust relationship.
2. The Consignee is responsible for getting a quotation for the services of a clearing/forwarding agent for the importation of containers into the country.
 - This includes a quotation for port and ship line destination charges.
 - This includes a quotation for obtaining a ship line's release.
 - This includes a quotation for obtaining a customs release.
 - This includes a quotation for agency fees.
3. The Consignee is responsible for going through the customs clearance process with the clearing/forwarding agent as efficiently and effectively as possible so that DEMURRAGE AND PORT STORAGE IS NOT INCURRED.
4. The Consignee is responsible for managing all importation documents.
5. The Consignee is responsible for ensuring that the clearing/forwarding agent has what they need at all times to facilitate customs clearance.
6. The Consignee is responsible for ensuring that the clearing/forwarding agent can pay all fees temporarily on their account.

WHO PAYS FOR IT? (Shipper or Consignee)

1. The _____ is committed to paying for the pre-carriage, ocean freight, on-carriage and insurance for the cargo transport.
2. The _____ is committed to paying the destination charges levied by the ship line.
3. The _____ is committed to paying the destination charges levied by the port authority.
4. The _____ is committed to paying all charges needed to obtain the ship line's release.
5. The _____ is committed to paying all charges needed to obtain the customs release
6. The _____ is committed to paying the charges levied by the clearing/forwarding agent.
7. The _____ is committed to pay any Demurrage that is levied by the ship line.
8. The _____ is committed to pay any Port Storage that is levied by the port.
9. The _____ is committed to pay any Duties / Taxes levied by customs.

Description of Expense	Estimated Expense	WHO PAYS?
SHIP LINE RELEASE charges including:		
1. Local Port charges (wharfage or administration fees) -		
CSC – Container Service Charge		
DTHC – Destination Terminal Handling Charge		
DDC – Destination and Delivery Charge		
2. Inland Wharfage		
3. Freeout port charges (unloading)		
4. Demurrage (per diem) – CAUSED BY INEFFICIENCY		
5. Storage (quay hire) – CAUSED BY INEFFICIENCY		
6. Bonds (guarantees) – TO BE RETURNED		
7. Other		
TOTAL:		
CUSTOMS RELEASE charges including:		
1. Import permits, licenses, & local customs forms		
2. Taxes, VAT, bonds – IF NO TAX EXONERATION		
3. Customs Inspection or seizure charges including:		
Drayage		
Devanning		
Cargo Handling		
Storage		
Recooperage		
4. Customs Penalties		
5. Other		
TOTAL:		
DELIVERY TO DOOR charges including:		
1. Loading/Unloading container onto chassis		
2. Drayage/ Return to/from warehouse (door)		
3. Unloading containers into warehouse		
4. Deposit or Bond on containers		
5. Cleaning and/or damage charge		
6. Security Escort		
7. Other		
TOTAL:		
CUSTOMS HOUSE BROKER charges including:		
1. Agency fees including:		
Transfer fees		
Collection fees		
Notification fees		
Processing fees		
2. Other		

TOTAL:		
GRAND TOTAL:		

General Dimensions / Cargo Specifications

LCL: 1 Pallet Personal Effects (APPROXIMATELY) equals

Footprint: 40"W x 48"L x 60"H

Volume (cubic feet): 66

Volume (cubic meters): 1.8

Weight (lbs): 500

Weight (kgs): 226

LCL (Less than a Container Load) is rated based on "Weight or Measure" whichever is the most profitable for the lines. The Measure (volume) is almost always used because of this. To get an accurate quote, please provide these figures to the best of your ability.

20' Container Dimensions

Outside Dims: (feet) 20'L X 8'W X 8'6"H / (meters) 6.1L X 2.44W X 2.59H

Inside Dims: (feet) 19'5"L X 7'8"W X 7'9"H / (meters) 5.94L X 2.34W X 2.36H

Door Opening: (feet) 7'8"W X 7'6"W / (meters) 2.34W X 2.29H

Maximum Capacity Volume: (cubic feet) 1158 - 1186 / (cubic meters) 32.85 – 33.58

Maximum Capacity Weight: (pounds) 39380 – 47880 / (kgs) 17860 - 21700

Tare Weight (no cargo): (pounds) 5030 – 5490 / (kgs) 2280 - 2490

40' Standard Container Dimensions

Outside Dims: (feet) 40'L X 8'W X 8'6"H / (meters) 12.19L X 2.44W X 2.59H

Inside Dims: (feet) 39'6"L X 7'8"W X 7'10"H / (meters) 12.04L X 2.34W X 2.39H

Door Opening: (feet) 7'8"W X 7'6"W / (meters) 2.34W X 2.29H

Maximum Capacity Volume: (cubic feet) 2390 - 2397 / (cubic meters) 67.7 – 87.8

Maximum Capacity Weight: (pounds) 58820 – 60740 / (kgs) 26680 - 27550

Tare Weight (no cargo): (pounds) 6460 – 8380 / (kgs) 2930 – 3800

40' High Cube Container Dimensions

Outside Dims: (feet) 40'L X 8'W X 9'6"H / (meters) 12.19L X 2.44W X 2.90H

Inside Dims: (feet) 39'6"L X 7'8"W X 8'10"H / (meters) 12.04L X 2.34W X 2.69H

Door Opening: (feet) 7'8"W X 8'6"W / (meters) 2.34W X 2.59H

Maximum Capacity Volume: (cubic feet) 2700 - 2715 / (cubic meters) 76.4 – 76.88

Maximum Capacity Weight: (pounds) 58970 – 60400 / (kgs) 26750 - 27400

Tare Weight (no cargo): (pounds) 6800 – 8230 / (kgs) 3080 – 3730

General Definitions

£ Shipper -- cargo owner

£ Consignee -- cargo recipient

£ Shipping company / carrier -- ship line

£ Bill of Lading (b/l)—Shipping contract outlining all shipment details

£ Notify Party -- can be the consignee's clearing/ forwarding agent, consignee, or other nominated party. Must be identified on b/l

£ Door to Door -- cargo picked up at shipper's door and delivered to first door at destination, usually customs terminal, unless specifically identified on b/l

£ Pre-carriage -- truck/rail to departure port, "door to port"

£ Main-carriage -- international freight, ocean or air, "port to port"

£ On-carriage -- truck/rail from port to door at destination country, "port to door"

£ Detention/Demurrage -- rent on containers & chasses.

£ Storage/Demurrage -- rent on real estate where container sits at the port

£ VAT -- Value added tax, added to most imports and services

£ Intermodal bill of lading -- b/l that includes pre-carriage and/or on-carriage

£ Through bill of lading -- b/l includes onward carriage.

£ FCL -- Full container load

£ LCL -- Less than container load

£ Drayage -- Trucking for containers. Companies must have interchange agreements with carriers.

£ Owner/Operator -- Drayage truckers generally own and operate their own businesses i.e. their tractors. Transportation firms contract them.

£ Free Time -- At the beginning and the end of the main carriage, there are approximately 3-5 days of time that are not charged for. At the beginning it is free time to get your container from the port,

loaded and back to the port. At the end it is free time to get your container cleared through customs, unloaded and back.

£ VOCC -- (Vessel Operating Common Carrier) a ship line with ships.

£ NVOCC -- (Non Vessel Operating Common Carrier) a ship line with no ships. Created for contractual purposes.