

EXPORT SESSION 3: SHIPPING & LOGISTICS

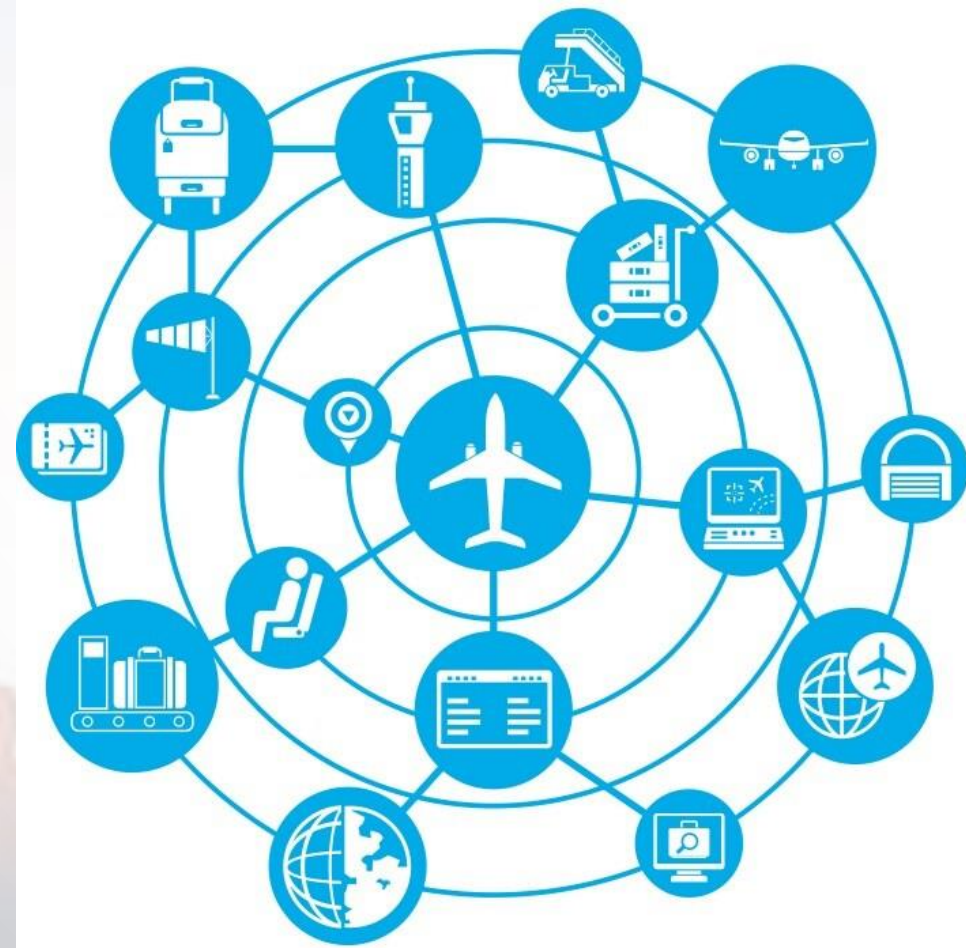
Guam State Trade and Expansion Program (STEP) Training Series



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TRAINING AGENDA

- What is export logistics?
- Shipping your product
 - PACKAGING
 - LABELING
 - DOCUMENTING
 - INSURANCE REQUIREMENTS
 - TRANSPORTATION
- CHECKLIST
- INCOTERMS



CO-PRESENTER

Charlie Hermosa

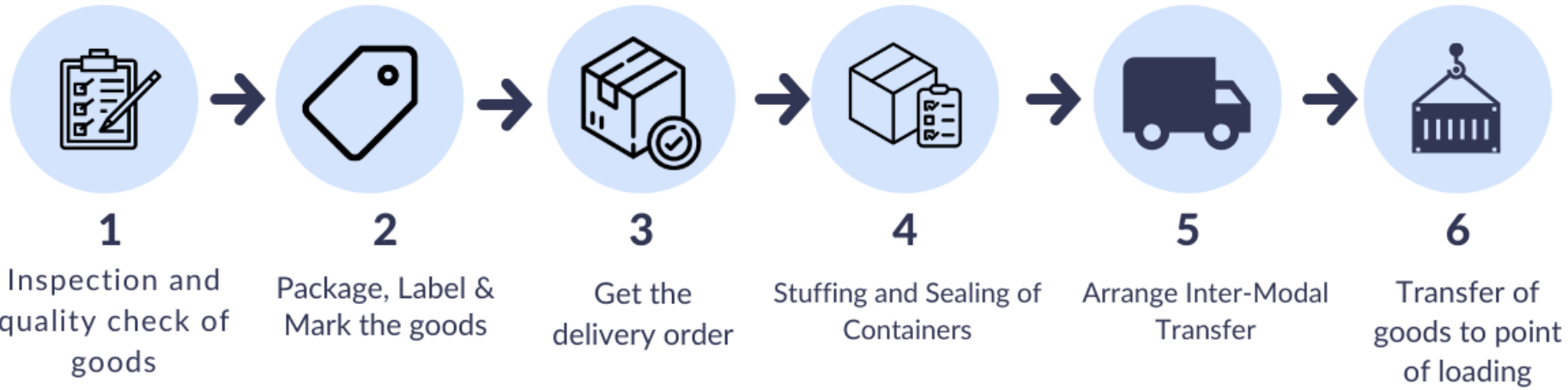
General Manager, APL
CEO/President, Bella Wings Aviation
CEO/President, Guam Gifts, LLC



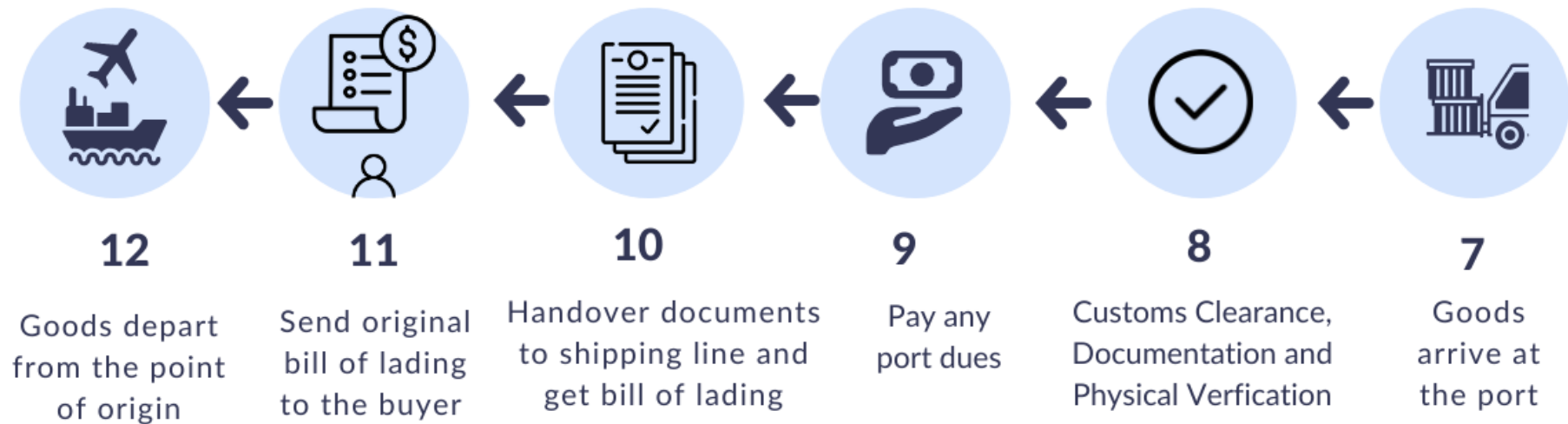
WHAT IS EXPORT LOGISTICS?

- streamlining of order handling
- Transportation
- inventory management and handling
- Storage
- packaging
- clearing of the export goods.





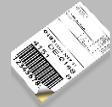
Exports Logistics Process



SHIPPING YOUR PRODUCT



PACKAGING



LABELING



DOCUMENTING



INSURANCE REQUIREMENTS



TRANSPORTATION

PACKAGING

- ❑ Pack in strong containers
- ❑ Be sure weight is evenly distributed
- ❑ Put goods on pallets / Place them in containers
- ❑ Avoid writing contents or brand names on packages
- ❑ Use straps, seals and shrink-wrap to safeguard goods
- ❑ Observe product-specific hazardous materials packing requirements
- ❑ Verify compliance with wood-packaging documentation and markings for fumigation and chemical treatment



TIPS ON PACKAGING

- ❑ Use containers obtained from carriers or private leasing companies.
- ❑ Normally, air shipments require less heavy packing than ocean shipments.
- ❑ Transportation costs are determined by volume and weight. Use of the proper materials used for packaging may save money as well as ensure the goods are properly packed.

*If you are not equipped to package the goods yourself, hire a professional company to pack your products! This service is usually provided at a moderate cost.

LABELING

Products may require many markings for shipment. Exporters need to put the following markings on cartons to be shipped:

- Shippers mark
- Country of Origin (ex. "U.S.A")
- Weight marking (lbs or kg)
- Number of packages and size of cases (inches and cm)
- Handling marks (ex. International pictorial symbols)
- Cautionary markings ("This side up" or "Use no hooks") in English and language of destination country
- Port of Entry
- Labels for Hazardous materials (universal symbols adopted by the International Air Transport Association and the International Maritime Organization)
- Ingredients (if applicable, also in the language of destination country)



DOCUMENTATION

- Several documents are commonly used in exporting, but the ones required in a particular transaction depends on the requirements of the U.S. government and the government of the importing country.
- Documents must be precise! As the exporter, you are ultimately responsible for the accuracy of necessary documents.
- The number and kinds of documents that the exporter must deal with vary according to the destination of the shipment. Each country has different import regulations.
- *Consider having the freight forwarder handle the documentation that exporting requires, or contact the U.S. Commercial service office for up-to-date foreign import information.

DOCUMENTATION

- AIR WAYBILL
- BILL OF LADING
- COMMERCIAL INVOICE
- CONSULAR INVOICE
- CERTIFICATE OF FREE SALE
- CERTIFICATE OF CONFORMITY
- CERTIFICATE OF ORIGIN
- INSPECTION CERTIFICATE



- DOCK RECEIPT/WAREHOUSE RECEIPT
- DESTINATION OF CONTROL STATEMENT
- EXPORT LICENSE
- EXPORT PACKING LIST
- INSURANCE CERTIFICATE

FOR GUAM EXPORTERS!

Do NOT file an Electronic Export Information (EEI) with the Automated Export System!

This step is NOT required when exporting from Guam due to exemption through GovGuam rules and regulations.

Disregard this step if seen on U.S. websites or checklists:

- “According to the U.S. Census Bureau, in a standard export transaction, it is the U.S. Principal Party In Interest's (USPPI) responsibility to prepare the Electronic Export Information (EEI) and file it through the Automated Export System (AES.)”

FOR GUAM EXPORTERS!

Guam Customs will issue a “Certificate of Origin Form.”

- Ask your freight forwarder if they do this for you or is it up to you.
- A missing Certificate of Origin Form can result in a voided Letter of Credit and/or a refusal to accept shipment at a foreign port.

2 KINDS OF INSURANCE:

□ CARGO INSURANCE

- MARINE CARGO INSURANCE – Shipments by sea or air
- INSURANCE MAY BE PURCHASED FROM THE AIR CARRIER

Covered against:

-LOSS, DAMAGE and DELAY IN TRANSIT.

*Exporters should consult with international insurance carriers or freight forwarders for more information.

-Coverage is usually placed at 110% of the CIF (cost, insurance, freight) or CIP (carriage and insurance paid to) value.

2 KINDS OF INSURANCE:

□ EXPORT CREDIT INSURANCE

4 BENEFITS:

- Insurance reduces or eliminates risk! Export-Import Bank of the United States (EXIM Bank) assumes 90 – 100% of the risk concerning commercial and certain political risks such as:
 - inconvertibility of currency
 - bankruptcy
 - protracted default
 - war
- Allows exporters to provide advantageous terms of credit to qualifying international buyers
- Company's working cash flow improves when a lender's line of credit is insured.
- New markets open to exporters where EXIM Bank offers coverage.

INSURANCE PAYMENT TERMS & POLICIES

- **SHORT-TERM** – Covers: noncapital goods, components, raw materials, spare parts and most services.
- **MEDIUM-TERM** – covers up to 85% of the contract value and protects amounts under \$10M on tenors up to 5 years. Applies to: buyers of capital equipment or related services
- **SINGLE-BUYER POLICY** – provides credit protection for shipments to one specific buyer.
- **MULTI-BUYER POLICY** – allows businesses to insure all sales to eligible international buyers to whom they extend “open account” credit terms.

TARIFFS

Because tariffs, port handling fees, and taxes can be high, it is very important for you to consider their effects on your product's final cost. Typically, the importer pays the tariffs.

Nevertheless, these costs will influence how much the buyer is willing to pay for your product. You can calculate tariffs and taxes for most commodities to most countries by signing up to use a special database on **export.gov**.

PORT AUTHORITY OF GUAM:

<http://www.portofguam.com/> (including shipping schedules and tariff information)

PORT AUTHORITY OF GUAM

Guam's commercial port is the largest and deepest port between Hawaii and Asia, and moves more than 2 million tons of cargo each year. Guam's businesses rely heavily on the port to receive shipments of goods, and for the transshipment of goods to other parts of Micronesia, the Western Pacific and Asia.

TRANSPORTATION

ALWAYS ASK “**WHAT ARE MY SHIPPING OPTIONS**”

-Talk to your **freight forwarder FIRST!**

Information Necessary To obtain a Freight Quote

- All International Freight is measured in metric units.
 - Commodity (Product)
 - Weight (in metric units)
 - Volume of box (formula is Length x Width x Height = Volume) in metric units.
 - Destination

WHY GO WITH A FREIGHT FORWARDER?

- They become a reliable partner
- Understands foreign regulatory requirements
- They know surcharges
- They understand air freight rates



FREIGHT FORWARDERS

Aduana International Freight Forwarding Services, Inc.

Ambyth Logistics

Approved Forwarders

Cargo Express, Inc.

CTSI Logistics

DGX Guam Ocean & Freight Forwarders

Guam Pak Express

J.L. Baker & Sons

Marianas Steamship Agencies, Inc.

Triple B Forwarders

UPS Express

A.B. Won Pat International Airport Listing of Airline Cargo Carriers

<https://www.guamairport.com/corporate/about-our-airport/airlines>

LANDED COST QUOTATION

Not only do you include the manufacturer's price and your commission, usually added together, but you need to include:

- dock and cartage fees
- the freight forwarder's fees
- ocean freight costs
- Other transportation costs
- marine insurance
- duty charges
- any consular invoice fees
- packing charges, or
- other hidden costs.

CHECKLIST

- ✓ Do you have a confirmed order signed by the authorized representatives of the distributing company?
- ✓ Compare the amount of payment to the amount quoted for the goods and be sure they match exactly.
- ✓ Or, if the distributor chose a certain quantity of several offers, check the prices again and confirm the quantity.
- ✓ Confirm the quotation and sale with the manufacturer.
- ✓ Confirm the quotation and sale with the freight forwarder.
- ✓ Confirm you have adequate insurances (including marine insurance) with your insurance agents.
- ✓ Does your freight forwarder have all documentation in order to allow passage into the destination country without long waits at the dock for customs?
- ✓ Then follow through.

INCOTERMS!

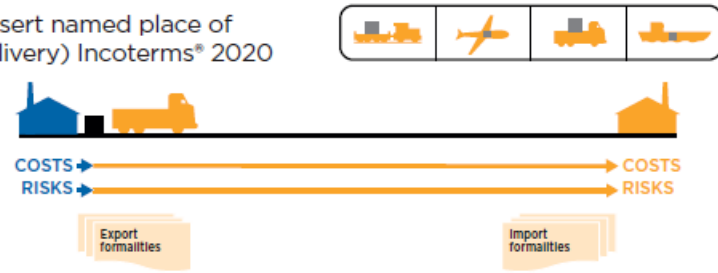
A widely-used terms of sale, are a set of 11 internationally recognized rules which define the responsibilities of sellers and buyers. Incoterms specifies who is responsible for paying for and managing the shipment, insurance, documentation, customs clearance, and other logistical activities.

The following chart is provided by the International Chamber of Commerce:

<https://iccwbo.org/resources-for-business/incoterms-rules/incoterms-2020/>

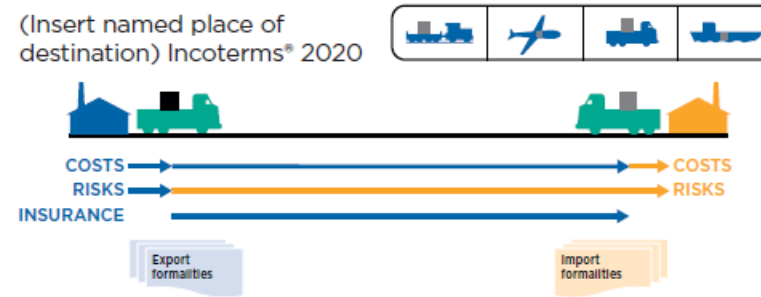
EXW Ex Works

(Insert named place of delivery) Incoterms® 2020



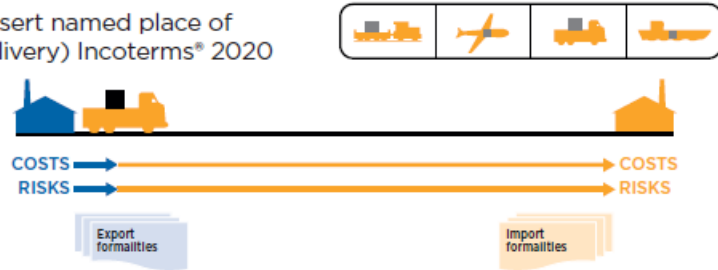
CIP Carriage and Insurance Paid To

(Insert named place of destination) Incoterms® 2020



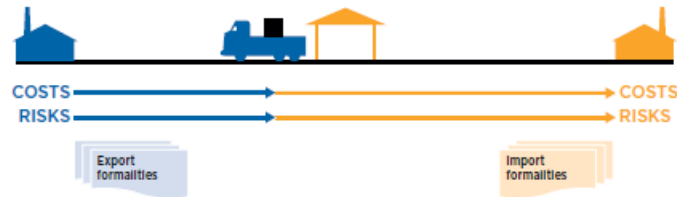
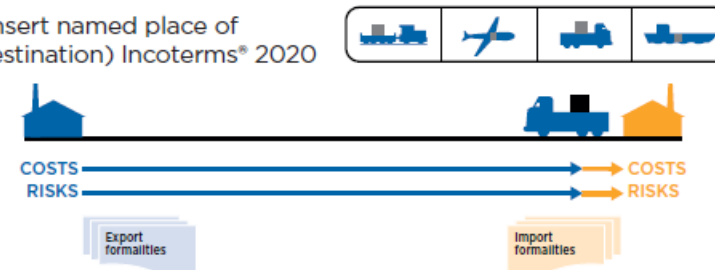
FCA Free Carrier

(Insert named place of delivery) Incoterms® 2020



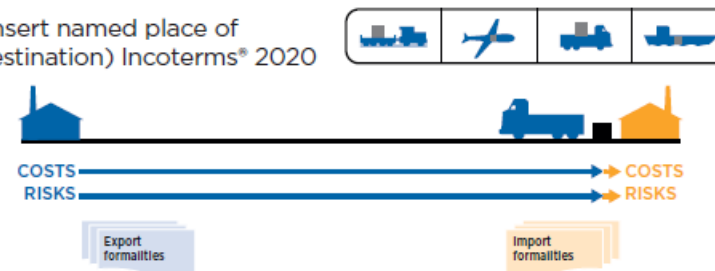
DAP Delivered at Place

(Insert named place of destination) Incoterms® 2020



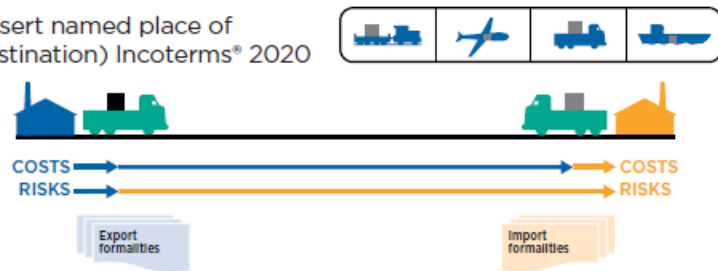
DPU Delivered at Place Unloaded

(Insert named place of destination) Incoterms® 2020



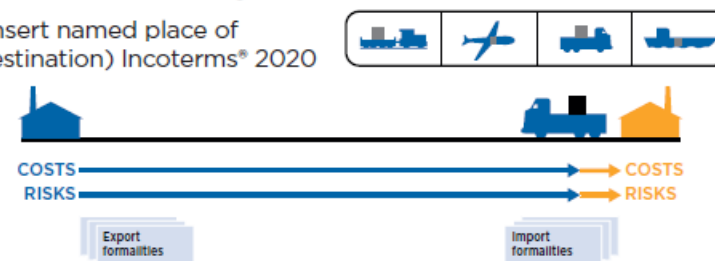
CPT Carriage Paid To

(Insert named place of destination) Incoterms® 2020



DDP Delivered Duty Paid

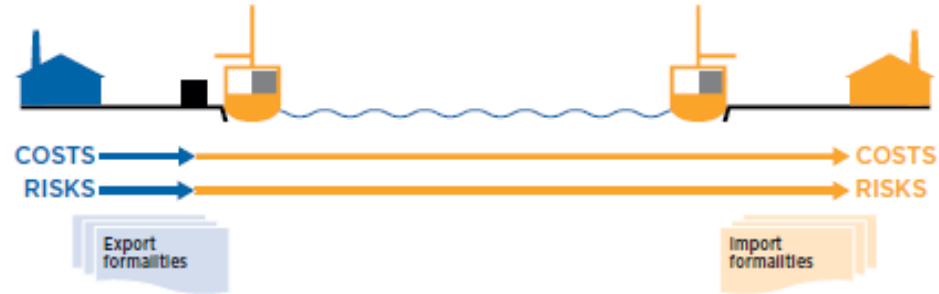
(Insert named place of destination) Incoterms® 2020



RULES FOR SEA AND INLAND WATERWAY TRANSPORT

FAS Free Alongside Ship

(Insert named port of loading) Incoterms® 2020



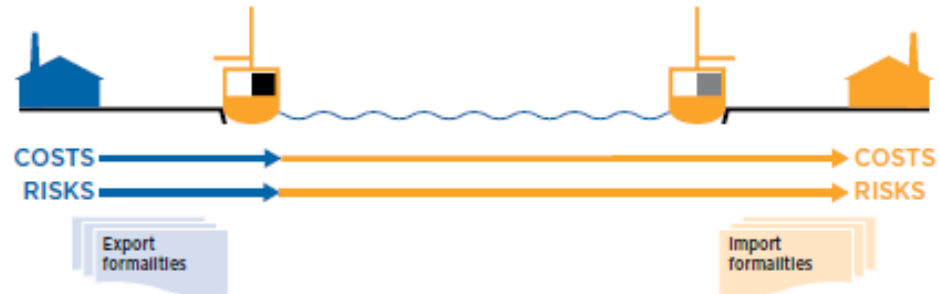
CFR Cost and Freight

(Insert named port of destination) Incoterms® 2020



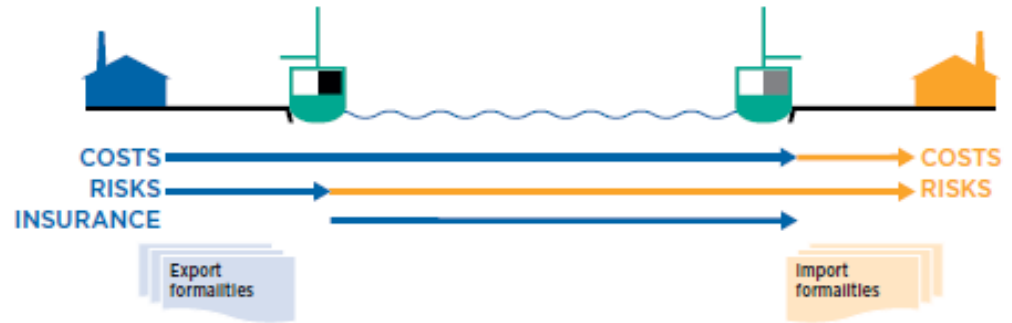
FOB Free on Board

(Insert named port of loading) Incoterms® 2020



CIF Cost, Insurance and Freight

(Insert named port of destination) Incoterms® 2020



QUESTIONS?



FOR QUESTIONS ABOUT GUAM STEP PROGRAM AND APPLICATION

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FOR EXPORT PLAN ASSISTANCE, TRAINING, AND BUSINESS COUNSELING

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IN SUMMARY



- Start with your freight forwarder to see what services they provide.
- Work with a Guam SBDC advisor to help you with your export plan.
- Tuesday, May 9 @ 9:00am Financial Management for Exporters
- Please complete the post-training survey.
- Thank you and have a great day!

