

The background of the slide features a light orange world map. In the bottom right corner, there is a large, semi-transparent orange globe showing the continents of Europe and Africa.

# **FIATA Documents and Trade Logistics Standardization**

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# 1. Introduction to FIATA documents - Content

## 1.1 The content of FIATA documents

The objective of FIATA is to help freight forwarders to extend their business worldwide. Freight forwarders are faced with multiple challenges, and one of them is that their services are subject to different jurisdictions. Different legal systems vary and therefore add to the uncertainty of freight forwarders' liabilities. In order to unite the documents standards used by freight forwarders worldwide, FIATA has developed the following 8 documents.





# 1. Introduction to FIATA documents - Content


1. Negotiable FIATA Multimodal Transport Bill of Lading (FIATA FBL)
2. Non-negotiable FIATA Multimodal Transport Waybill (FIATA FWB)
3. Forwarders Certificate of Receipt (FIATA FCR)
4. Forwarders Certificate of Transport (FIATA FCT)
5. FIATA Warehouse Receipt (FIATA FWR)
6. Shippers Declaration for the Transport of Dangerous Goods (FIATA SDT)
7. Forwarding Instructions (FIATA FFI)
8. Shippers Intermodal Weight Certificate (FIATA SIC)



# 1. Introduction to FIATA documents - Content

Consignor 托运人		FBL No. <input type="text"/> CN <input type="text"/>		
Negotiable FIATA MULTIMODAL TRANSPORT BILL OF LADING Issued subject to UNCTAD / ICC Rules for Multimodal Transport Documents (ICC Publication 681)		CIFA 		
Consigned to order of 收货人名称				
Notify address 通知地址				
Place of receipt 收货地				
Port of loading 装货港				
Place of discharge 卸货地				
Place of delivery 交货地				
Marks and numbers 唛头和号码	Number and kind of packages 件数/包装种类	Description of goods 货物描述	Gross weight 毛重	Measurement 尺码
Declaration of interest of the consignee 根据收货人声明				
Declared value for ad valorem rate according to the declaration of the consignee (Clauses 7 and 8): 托运人/收货人货物价值声明 (第7、8条)				
This bill of lading is subject to the Standard Conditions printed overleaf. This bill of lading is subject to the Standard Conditions printed overleaf. This bill of lading is subject to the Standard Conditions printed overleaf. This bill of lading is subject to the Standard Conditions printed overleaf. This bill of lading is subject to the Standard Conditions printed overleaf. This bill of lading is subject to the Standard Conditions printed overleaf. This bill of lading is subject to the Standard Conditions printed overleaf. This bill of lading is subject to the Standard Conditions printed overleaf. This bill of lading is subject to the Standard Conditions printed overleaf. This bill of lading is subject to the Standard Conditions printed overleaf.				
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Consignor 托运人		FWB No. <input type="text"/> CN <input type="text"/>		
Non-negotiable FIATA MULTIMODAL TRANSPORT WAYBILL Issued subject to UNCTAD / ICC Rules for Multimodal Transport Documents (ICC Publication 681)		CIFA 		
Consigned to 收货人名称				
Notify address 通知地址				
Place of receipt 收货地				
Port of loading 装货港				
Place of discharge 卸货地				
Place of delivery 交货地				
Marks and numbers 唛头和号码	Number and kind of packages 件数/包装种类	Description of goods 货物描述	Gross weight 毛重	Measurement 尺码
Declaration of interest of the consignee 根据收货人声明				
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2070000003				

Supplier or Forwarders Principals 托运人/收货人/代理人/承运人		FIATA FCR Forwarders Certificate of Receipt ORIGINAL Form Ref. <input type="text"/>		
CIFA 				
Consignee 收货人				
Place of receipt 收货地				
Port of loading 装货港				
Place of discharge 卸货地				
Place of delivery 交货地				
Marks and numbers 唛头和号码	Number and kind of packages 件数/包装种类	Description of goods 货物描述	Gross weight 毛重	Measurement 尺码
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# 1. Introduction to FIATA documents - Advantages

## 1.2 Advantages of FIATA documents

### i. Advantages of FBL when used by shippers

#### a. Highly united

FBL provides standardized transportation terms and conditions to limit the liability of freight forwarders to an appropriate level, regardless the various situations of sales, characteristics, shipping origins, freight forwarders or carriers.

#### b. Meet UCP requirements and approved by ICC

Article 2 of FBL – Freight forwarder is liable for the whole process of transportation, and for the conduct and negligence of its employees. This article has ensured that FBL meets the requirement of UCP500 or earlier versions. Banks accept FBL as the attached document to L/C. It also meets the shipper's expectation that a given party is liable to the whole transportation process.





# 1. Introduction to FIATA documents - Advantages

ii. An ongoing demand on FBL

a. Well received by SMEs

FBL is appropriate for small and medium logistic companies and freight forwarders, when providing multimodal related services. For those freight forwarders, issuing an FBL is a sign of being responsible, which can increase their customers' trust on them.

b. Popular among shippers

Shippers still need negotiable transportation bills attached to L/C, and will continue to specifically request the forwarders to issue FBLs.



# 1. Introduction to FIATA documents - FIATA's restrictions on documents issuance

## 1.3 FIATA's restrictions on issuing FIATA documents

- i. Only national freight forwarders associations (general members of FIATA) can issue FIATA documents.
- ii. The documents should have continuous serial numbers.
- iii. The national freight forwarders shall stamp its seal on FBL before it dispatches the documents to freight forwarders
- iv. FIATA requires the issuer of its document to acquire direct insurance that covers the issuer's liability.



# 1. Introduction to FIATA documents - FIATA FWB, FBL and FCR

## 1.4 FIATA FWB, FBL and FCR

### i. Difference between FIATA FWB and FBL

#### a. Unlike FBL, FWB is not negotiable.

- Under FWB, the shipper has rights in goods. But if the shipper fails to exercise his right in goods before the cargo arrives at destination, freight forwarder has the right to deliver the goods without original documents submitted by the consignee.

- FWB is not a certificate of ownership. Unlike FBL, FWB can not lead to the transfer of ownership by endorsement and delivery of original documents.

#### b. Two similarities

- Both are certificates for cargo receipt

- Includes terms and conditions committed by the freight forwarders. The freight forwarder shall assume the obligation of a carrier and deliver the goods to the destination assigned in the documents.



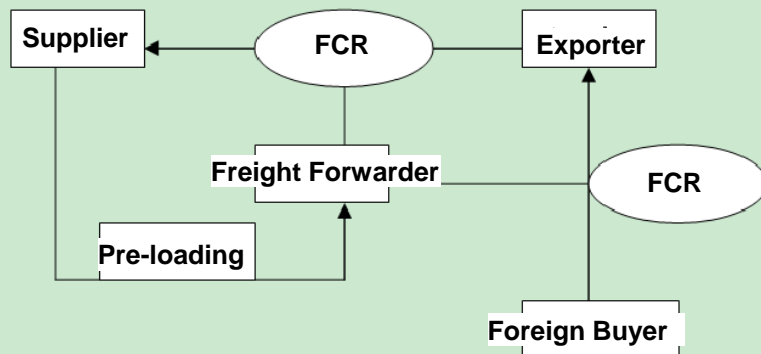


# 1. Introduction to FIATA documents - FIATA FWB, FBL and FCR

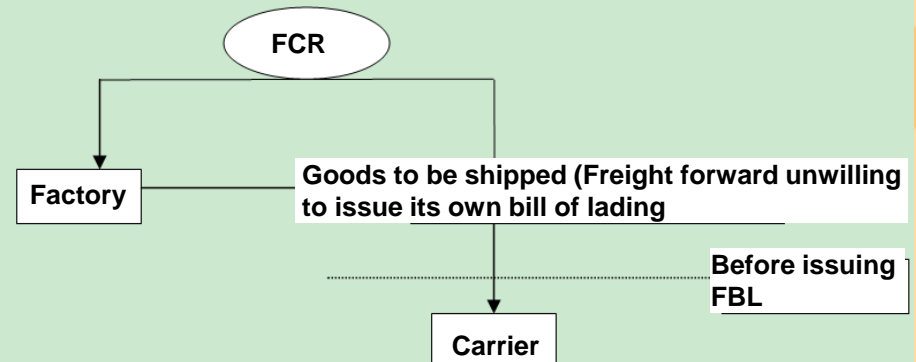
## ii. Application of FCR

- FCR is non-negotiable
- It confirms the receipt of the goods
- Proof of transportation contract
- Irrevocable command of goods delivery
- Revoking FCR
- Indication of freight cost and rate.

### Bulk good transactions



### EXW (Plant Delivery)





## 2. FIATA documents application in China – The Registration Number

### 2.1 Registration number of FBL

Free FBL format is provided to companies, together with free internet registration for serial number. It aims to serve the freight forwarders, by providing online inquiries to freight forwarders, consignees, FBL transferees, banks, etc. The process also helps government to regulate the industry more efficiently.



## 2. FIATA documents application in China – Registration & Numbering Process

### 2.2 Process for registration number

#### a. The establishment of a registration system

A dedicated webpage “Registration and Numbering System of Multimodal FBL” was established at [www.ciffic.com](http://www.ciffic.com), to enable registration and numbering of FBL.

#### b. Information needed from companies to register

Basic info of freight forwarders, including Chinese/English title, address, business certificate code, legal person, contact info, date of incorporation, registered capital, liability insurance info, scope of business, etc. Information on the FBL issued by companies, including FBL sample, terms and conditions, company stamp sample, authorized issuer (department or person) of the company, company's producer of FBL)

#### c. The company's registration number

A dedicated “Company FBL Registration Code” will be provided to the company, and a unique 16-digits serial number will be provided each time the company issues an FBL.



## 2. FIATA documents application in China – Registration & Numbering Process

### 2.3 The workflow of registration and numbering

Step 1 – The company logs onto [www.ciffic.com](http://www.ciffic.com), enters the Registration and Numbering System of Multimodal FBL” page, fills in “FBL Registration Form” and submit related information.

Step 2- The system will automatically generate a unique “Company FBL Registration Code” upon the submission of required information, and username and password for the freight forwarder company to log onto the website are generated.

Step 3 – For each FBL issued by the forwarder, the “FBL Issuance” page on [ciffic.com](http://ciffic.com) will generate a unique 16 digits FBL serial number according to the “Company FBL Registration Code”. The company shall print the serial number on the FBL it issues so that the FBL can be found on the ciffic website.



## 2. FIATA documents application in China

### – The application of FBL no. & reg. info.

#### 2.4 Using the FBL number and registered information

##### a. To facilitate all parties to inquire on multimodal FBL

The shipper(consignee), commercial agencies (banks, FBL transferees) and regulators (customs, business administrations, tax bureau, foreign exchange administration) can enter the “Inquiry” page of [www.ciffic.com](http://www.ciffic.com)

. By entering the “16 digits FBL serial number” or the “Company FBL Registration Code”, the inquirer can have access to five types of information, including the name of the issuer company, the type of bill, date of issuance, name of the producer of the bill and the stamp sample. If the “16 digits number” was not recorded in the database, the system will remind the inquirer that the FBL inquired has not been filed with the system. A full tracking of the FBL is hence made possible.

##### b. Real time statistics on FBL information

The issuer company can have historical statistics on the FBL it issued. This can help the company to improve its internal management, service and branding. Regulators at all levels and freight forwarders associations can have statistics on FBL issued within their district.

##### c. Dynamic monitoring of forwarders issuing FBLs

FBL registration system can provide information on goods and transportation to regulators. Customs, foreign exchange administration, tax bureau, banks and shippers can inquire and validate the FBL. The registration system will protect all stakeholders’ interest and reduce potential dispute.



### 3. Freight Forwarders Liability Insurance that goes with the FIATA documents – FF Liability Insurance

#### 3.1 Freight Forwarders Liability Insurance

The four biggest insurance companies in China, PICC, Ping'an Insurance, CPIC and CCIC provide insurance services to Chinese freight forwarders. The insurance includes two sets of terms and conditions, including "International Freight Forwarders Liability Insurance" and "International Freight Forwarder Bill of lading Liability Insurance". The insurance covers liabilities including damages and loss of goods, mistake, negligence, etc. It was referred to as "Association Terms" by the insurance industry.





### 3. Freight Forwarders Liability Insurance that goes with the FIATA documents – The Insurance Service

#### 3.2 The Insurance Service

Authorized by insurance companies, ciffic.com has established FF liability insurance policy issuing and coordination center. The Center will provide insurance consulting services to freight forwarders and coordinates the underwriting and claims among different insurance companies.





<http://cidr.csi.7m24.cn/login.do> (第 1/2 页) 2010-7-13 16:42:45



## 3. Freight Forwarders Liability Insurance that goes with the FIATA documents – Claims

### 3.3 Claims

1. Service by insurance company – When accidents happen, the forwarder shall file with the insurance company, who will assign their inspection and assessment team to verify the accident, assess the loss and start the claim procedure.
2. Service by ciffic.com – The ciffic.com assigns professionals to help the insurer handle their claims. They provide guidance on accident proof and claim documents. If disputes happened on claims, the ciffic.com will help the company to make claims from the insurance company.
3. Statistics on claim information – After the claim has been made, related statistics will be uploaded to ciffic.com database for summarization.



### 3. Freight Forwarders Liability Insurance that goes with the FIATA documents – Statistics on Insurance

#### 3.4 Insurance statistics

The [ciffic.com](http://ciffic.com) will send monthly information on forwarders insurance to insurance companies, and send regular reports on insurance coverage and claims to forwarders associations. Ciffic.com also provides quantitative and qualitative analysis to administrations so that they can learn about the current situation of the industry, which will serve as basis to develop services and policies.



## 4. Application of FIATA Documents in China

4.1 FIATA documents are used in 55 countries worldwide.

4.2 FIATA documents are mostly used by foreign companies in China. About 14,000 copies of FIATA documents are used each year.

4.3 Reasons why FIATA documents are not widely used in China

- i. Laws and regulations are still relatively under-developed. No standardized regulation on the issuing of FBL
- ii. Multiple government agencies claim to have administrative power over the matter.
- iii. The cost of unauthorized/pirated use of documents is low.
- iv. Low awareness among shippers.
- v. Unwilling to register because a liability insurance is mandatory.



## 5. FIATA Documents Application in CAREC – Difference between Int'l Multimodal and Int'l Through Rail

### 5.1 Difference between Int'l Multimodal and Int'l Rail Transport

#### i. Definition of Int'l Multimodal Transport

International multimodal transport is that a multimodal operator, according to the multimodal agreement, takes charge of goods in one country and deliver the goods at designated location in another country, with at least two modes of transport involved in the process. Goods delivery that only involved a single mode of transport shall not be seen as international multimodal transport.

ii. In Agreement Concerning International Carriage of Goods by Rail, international through rail transport is defined as – a means of transport in which a single set of documents and only railway was used in the whole process of moving goods between two or more countries, with the national railway that involved in the process holding joint responsibility.





## 5. FIATA Documents Application in CAREC – Analysis on trade terms of rail transit and through railway transport

### ii. Analysis on trade terms of transit railway and through railway transport

International through railway transport should follow generally accepted international trade terms. However, due to historical reasons and the special regulations of rail transport liabilities, the INCOTERMS 2000 cannot provide appropriate terms to precisely define the transfer of right in goods, the transport liability or the goods insurance. For example:

a. The right in goods - Agreement Concerning International Carriage of Goods by Rail regulates that railway involves in the transport has joint liability. If goods are transported by means of international through railway (including rail transit), in the process of transportation, transit and before the goods is delivers, the cargo owner, shipper, freight forwarder or consignee has the right in goods.



## 5. FIATA Documents Application in CAREC – Analysis on trade terms of rail transit and through railway transport

- b. The delivery of goods – In international through railway transport, the railway station of the destination country is in charge of the delivery of goods. Transport documents only serve as transport contract, instead of a certificate of ownership. None of cargo owner, shipper or freight forwarder can control the cargo or command the cargo be suspended. The completeness of the goods at delivery and the time of delivery are uncontrollable.  

The Regulation on International Through Railway Transport issued by China's Ministry of Railway stipulates that, the shipper can apply to the consignor station for changes of goods delivery or suspension of the delivery, before the goods arrives at the border.
- c. The insurance – The Railway authority of China stipulates that international goods transport by rail has to be covered by insurance issued by underwriters they have acknowledged. If the shipper cannot provide qualified insurance policy, the shipper has to purchase transport insurance for transport inside of China.
- d. The language – The working languages in international through railway transport are Chinese and Russian, but the general accepted working language is English. Necessary notations need to be made when producing and using the transport and business documents.
- d. Proof of loss of goods – Qualified proof of loss in international through railway transport is Business record, which is usually in Chinese and Russian, and issued by the rail station where the accident happened. When damages or loss happen, freight forwarder should demand the rail station to issue Business Record.



## 6. Impact of Trade & Logistics Documents on China's Trade & Logistics – The impact

### 6.1 The Impact

- i. There are currently over 600,000 import and export companies in China.
- ii. A single international transaction involves manufacturing, procurement, banking, insurance, transport, freight forwarders, import/export/transit trade, etc. with almost 360 documents issued by some 45 agencies.
- iii. A UNCTAD study estimates that the cost of international trade documents alone accounts for 8% total international trade volume.
- iv. In 2010, the total international trade volume of China was 2.8 trillion USD. Over 200 billion USD was spent on trade documents, exceeding the total profit of all foreign trade companies.
- v. According to a survey in 2009, the int'l trade volume of Guangzhou is 400 billion USD, 5% of which was lost due to poor understanding of international trade standards, amounting to 20 billion USD. This margin of error is 20 times of that in other countries.
- vi. Due to lack of understanding of int'l trade standards, delays, over stocking and return of goods because of unqualified documents or labels lead to a loss of 1 trillion RMB each year. 。



## 6. Impact of Trade & Logistics Documents on China's Trade & Logistics – The reasons

### 6.2 The reasons

- i. Int'l trade documents are of large number and expensive to process.
- ii. Documents are complicated and many foreign trade professionals cannot master them.
- iii. Most companies are now running at a tight budget and lack of capable personnel.
- iv. Lack of knowledge on int'l trade
- v. Unaware of Chinese government's policies on int'l trade
- vi. A lot of SMEs will outsource their customs clearance to clearance companies or logistic companies.
- vii. Lack of transparency on import/export regulations.
- viii. Different customs offices have various interpretations of regulations, causing lack of standards.

Heating blanket, for example, its customs code is 6301.1000. 6301 is for blanket, and 1000 is for electric heated. If the last four digits are 2000, it means that it is made of wool. Adding another 10 at the back, 6301.2000.10 means it is a wool heating blanket with wool no longer than 3cm.



## 6. Impact of Trade & Logistics Documents on China's Trade & Logistics – The TBT

### 6.3 Technical Barriers to Trade (TBT)

i. Int'l trade also involves a number of complicated procedures and agencies. In addition to importer/exporter, transport authority, insurance company, customs and clearance agency, bank, port/dock, merchandise inspection agency, government and other official agencies, languages, currencies, time difference, geographic difference, variance in trade custom can all result in conflicts. Various int'l trade documents are also involved. Those are the so-call technical barrier to trade

ii. Barrier of documents standardization is top of all TBTs

WTO statistics shows that TBT is becoming the biggest barrier in int'l trade. TBT often manifests itself in standards.



## 6. Impact of Trade & Logistics Documents on China's Trade & Logistics – UN Layout Key for Trade Documents

### 6.4 UN Layout Key for Trade Documents (UNLK)

- i. Before UN standardized the documents, millions of exporters/importers all over the world produce their own documents, which are not interrelated and prohibits data exchange.
- ii. UN/CEFACT started streamlining and standardizing int'l trade procedure in 1960s, and developed the first streamlined int'l trade standards, the UN Layout Key for Trade Documents. It was recommended in 1981 under the UN framework.
- iii. Another 33 recommendations, 7 sets of standards and 5 sets of tech specs were introduced in the following years, forming a series of globalized trade facilitation measures.
- iv. This set of standards have been applied all over the world, streamlining the trade process and reducing trade disputes. Singapore adopted this system first in 1994, and the declaration time reduced from 80 hours to 12 minutes. The time to produce the documents reduced from 30 hours to 30 minutes. This resulted in major improvement of productivity.
- v. Even some African countries are doing a better job in standardizing documents.





## 6. Impact of Trade & Logistics Documents on China's Trade & Logistics – Standardization of Trade Documents in China

### 6.5 Standardization of Trade & Logistics Documents in China

- i. Low awareness on standardization.
- ii. Impact of UNEDFACT/ANSI/WCO on China
- iii. Australia, New Zealand, Singapore and Hong Kong have adopted EDIFACT, but Korea is using ANSI X 12.
- iv. No standardized teaching material on int'l trade is available among over 1000 colleges and university that has int'l trade curriculum. No teaching on int'l trade standardization in any college, let alone teach materials.
- v. The 33 standardization recommendations of UN are frequently maintained and revised. Yet China is still following standards that were made 10 or 20 years ago.
- vi. No proficiency test or professional certification for int'l trade.



## 6. Impact of Trade & Logistics Documents on China's Trade & Logistics – Standardization of Trade Documents in China

- vii. China is proud of having adopted int'l standards. Yet int'l standards are based on EU standards and EU has drastically different legal system with China. Those differences were overlooked and prohibited the standards from being localized and further promoted.
- viii. UN provides numerous recommendations and standards. Yet most of them are in English and difficult for Chinese to read.
- ix. No marketing campaign on standardization.
- x. Lack of effective communications between users and makers of the standards.
- xi. Multiple procedures and a lot of time will be needed to start a national level standardization.
- xii. Companies focus more on short term benefit and are less willing to invest in technical reform.
- xiii. Lack of feedback channels. A lot of companies' wash marks or logos cannot be identified by computers. Yet no one sent such feedbacks to the manufacturers.



## 7. Urgent Demand for CAREC Standardization

- 7.1 Different formats and contents of customs declaration forms lead to errors and reduce work efficiency.
- 7.2 China and CAREC countries have two different systems on transit vehicle administration
  - i. The Minsk Agreement endorsed by CIS countries.
  - ii. The national standards of China (GB 1589 - 2004) is developed from EU standard EC96/53, with appropriate adjustment. Although these two sets of standards are not vastly different, they do have big impact.
  - iii. China has different length limits on station transport wagon. Maximum length of van in China is 16.5 m, but the neighboring countries' limit is 20m. Because the border crossing cost is calculated on the number of vehicles. Chinese vans are smaller in size, therefore the transport cost is higher.
  - iv. The 1999 Minsk Agreement stipulates that the max axis weight is 10 ton, but China's max axis weight is 11.5 ton. Such different restricts more modern vehicles from being used in CAREC.
  - v. Uzbekistan's cotton packaging doesn't meet China's railway transport requirement, restricting UZB-PRC cotton trade.



## 8. CFCFA's Role in Standardization

8.1 A major goal of CAREC is to promote trade and logistics facilitation. Informatization and standardization are two critical items in trade facilitation. CFCFA shall provide guidance to the market players – the trade and logistics companies, to promote standardization.

8.2 CFCFA shall put standardization in CAREC as one of its top agenda. CFCFA shall dedicate to the standardization in CAREC to meeting the CAREC development goals.



## 8. CFCFA's Role in Standardization

### 8.3 Lessons

In the past few decades, the information technology was rapidly adopted in China's trade and logistics. Various operating systems and software are used by different companies. Yet, there was no standard or tech specification for those systems. Although IT is widely used in China's trade and logistics, yet sharing information among businesses or between businesses and governments are still difficult. There has been no inter-regional/inter-sectoral common information sharing platform. Now the Chinese start to see the importance of standardization, and is looking forward to a common platform.



## 8. CFCFA's Role in Standardization

### 8.4 Actions taken by CFCFA

- i. A CAREC standard system should be established, with all the standards developed. Don't worry that nobody will use the standards at the moment. It will be very difficult to standardize once we have reached the current stage of China.
- ii. Someone has to move first and develop a draft standards. Then we will get together and discuss, revise and coordinate.
- iii. Start to work on international certification.
- iv. Standardization of documents.