

EXPORT DOCUMENTATION

OVERVIEW

Export documentation is a tedious but necessary process that all exporters must pay close attention to, as documentation requirements vary considerably by country, commodity, and situation. Although exporters must fill out and submit many different forms for each international shipment, most require similar data elements and can (and should!) be duplicated precisely from one document to the next. Fortunately, there are software products that capture the primary details of the shipment and insert them into the necessary documents without flaw. This Fast Fact will describe many of the documents your business will need in order to export successfully.

EXPORT DOCUMENTATION—THE FORMS AND PROCESS

Shipping documents are the key to international trade, and have been used for thousands of years. Documents outline the sale, shipment, and responsibilities of each party so that the full transaction is understood and complete without delay or additional costs. Documents also ensure compliance with applicable regulations.

Using an experienced Freight Forwarder will help you to avoid problems and secure your relationship with your customers. Consider providing your Forwarder with a suitable “letter of authorization” to act as your agent on overseas documentation matters. Although not a required or standardized document, preparing a thorough and well organized “Shipper’s Letter of Instructions” (SLI) is a good practice for your company to establish. You can give your Forwarder limited authorization and initial instructions with an SLI as soon as the shipment details emerge, which allows time to prepare documents, make arrangements, and ask questions. Although a Freight Forwarder is not absolutely required for a successful export shipment, a licensed Customs House Broker is required to clear goods imported into any country, including the United States.

Below are some factors to consider when determining which documents are needed for a particular shipment.

- Country of origin and destination, as well as transshipment
- Mode of transportation — truck, rail, ocean, air, pipeline
- Commodity — agriculture, livestock, safety/security, end-use, intangible- software, service
- Size — value, volume, weight, dimensions
- Parties to the transaction — shipper, consignee, agents, brokers, banks

Based on these factors, many of the following documents (described in more detail on pages 2-5) may be required for an international shipment. These documents can be prepared by the exporter and then processed or forwarded by a Freight Forwarder.

- Invoices — Commercial, Pro-forma, Consular
- Packing Lists — Dock, or Warehouse, Receipt
- Bills of Lading (B/L) — Ocean B/L, or Motor/Truck or Air Bill, or Way Bill
- Electronic Export Information (formerly the Shipper’s Export Declaration, or SED) is not an actual document but still a very important part of the export process
- Certificates of Origin (C/O), sometimes country-specific — NAFTA C/O, Israel C/O
- Declaration of Dangerous Goods (DGD) — Hazmat, placards
- Certificates — Insurance, Free Sale, Inspection, Phytosanitary, Authentication (Apostille)
- Miscellaneous: Letters of Credit, ATA Carnet, Duty Drawback



Essential Documentation

The invoice and bill of lading are the two documents required for every export shipment. As such, you should ensure that all other documents associated with the shipment match the information on these documents.

Invoices

Pro-forma Invoice: A pro-forma invoice is an invoice sent to the buyer before the shipment, giving the buyer a chance to review the sale terms (quantity of goods, value, specifications) and get an import license, if required in their country. It also allows the buyer to work with their bank to arrange any financial process for payment. For example, to open a Documentary Credit (Letter of Credit), the buyer's bank will use the pro-forma invoice as a source of information. The exporter/seller should not send their customer a pro-forma invoice unless they fully understand what they are offering to the buyer. If no changes are required on the pro-forma invoice after the buyer reviews it, the exporter can simply change its date and title and turn it into a commercial invoice.

Commercial Invoice: A commercial invoice is prepared by the seller/exporter and addressed to the buyer/importer, and is one of the first documents prepared when a transaction has been agreed upon. The invoice identifies the buyer and seller, describes the goods sold and all terms of sale, including IncoTerms, payment terms, relevant bank information, shipping details, etc. An invoice may be itemized to show cost of goods, freight, and insurance, or other special handling. The invoice may be numbered and have multiple "purchase order" numbers. U.S. Customs does not actually need a copy of the invoice, unless requested, but the information included is used to prepare other documents.

Consular invoice: A consular invoice is the commercial invoice stamped or notarized by the consulate or embassy of your customer's country, if required. For example, if you are exporting to Egypt and your buyer requires a consular invoice, the Egyptian embassy in Washington, D.C. will do this for a small fee. Usually a freight forwarder will offer this service, but an exporter can send the original invoice to the consulate, have it notarized/legalized as required, pay the fee, and have the documents returned or forwarded on. It is important to understand that consular invoices are required in the buyer's country, so you need to add the time/costs associated with obtaining one to the price of the goods you are shipping.

The invoice should include a [non]-diversion statement, as provided below. As the U.S. Principal Party of Interest (or exporter of record), this statements attests to and informs your customers that you are using due diligence to control the shipment and abide by regulations, particularly shipments to embargoed/sanctioned countries.

"These commodities, technology, or software, were exported from the United States in accordance with the Export Administration Regulations. Diversion contrary to United States law is prohibited."

Essential data elements must be uniform on all documents:

- Name & Address of Seller / Shipper*
- Name & Address of Buyer / Consignee*
- Origin Point & Destination Point*
- Port of Load / Unload*
- Description of the Goods*
- Number of Pieces, Cartons, Crates*
- Net weight, Gross Weight, Volume*
- Invoice & Purchase Order Numbers*



EXPORT DOCUMENTATION

Material Handling

Packing List: A packing list is prepared by the shipper and is a detailed break down of the items within a shipment. It may also include any “special marks” for identification. For example, the customer may want “ABC XX” in blue letters on the side of the packaging. For insurance claims and tracking purposes, it helps to describe what is in each “package”. The packing list should also reference the customer’s purchase order number and destination. Often, a packing list is taped to palletized cargo or on the main carton/box of a shipment so that the importer’s customs agency or any transportation handlers can have easy access to it to know what the goods are and their destination. The quantity and items listed on the commercial invoice must match with the packing list, but not necessarily match the pro-forma invoice. Some companies prepare a packing list that is identical to the commercial invoice, minus the prices and other monetary details.

Dock (or Warehouse) Receipt: The dock or warehouse receipt is issued by a warehouse supervisor or port officer and certifies that the goods have been received by the shipping company. This document is used to transfer accountability when goods are moved by the domestic carrier to the port of embarkation and left with the international carrier. At this time, the carrier’s Bill of Lading is also signed by both parties and copies are issued accordingly.

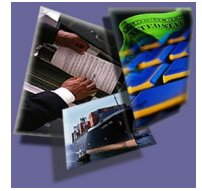
Bills of Lading (B/L)

A Bill of Lading is issued by the carrier to the shipper for receipt of the goods, and is a contract between the owner of the goods and the carrier to deliver the goods. Sometimes the B/L acts as title to the goods so an “Original” B/L is issued- usually a set of three. Whoever presents one of those Original, Negotiable B/L can take possession of the goods. A B/L can be either negotiable or non-negotiable.

Non-negotiable (or “straight”) B/L: Indicates that the shipper will deliver the goods to the buyer and that title of the goods has not been transferred to the shipper (i.e., the buyer or seller “owns” the goods while they are being shipped). This type of B/L is often used when payment for the goods has already been made in advance.

Negotiable (or “shipper’s order”) B/L: Serves as a title document to the goods, issued “to the order of” a party, usually the shipper, whose endorsement is required to effect its negotiation. It can also be issued “to the order of” the buyer’s bank as part of a documentary credit/letter of credit stipulation so that when the buyer’s bank receives the Original B/L, they can endorse it over to the buyer at the time of payment for the buyer to clear the goods at customs. Sometimes the negotiable B/L may be consigned “To Order” without reference to a company. A negotiable B/L can be bought or traded while the goods are in transit, whereas a “Straight” B/L is non-negotiable and is consigned to the buyer.

The B/L is frequently electronically manifested by the shipping line company using the data sent by the shipper or its agent. Bills of Lading also include a “notify party” (usually the buyer or their agent) so that when the vessel arrives at the port of destination, the carrier can notify the party that the goods are available, are in need of customs clearing, or are ready for pick up. Usually the importer can pick up the goods after customs clearance and duties are paid. “Freight Collect” means the consignee pays the freight charges as well. “Freight Prepaid” means the shipper pays the freight charges, but not customs clearance unless the terms are “delivered duty paid”. If



EXPORT DOCUMENTATION

payment is due to the exporter before the importer receives the goods, “advance charges” can be added to the bill so the importer pays for the goods along with the other charges. Two checks should be received so the carrier can forward one check to the exporter for the cost of goods.

Inland Bill of Lading: Issued by the trucking company and/or the railroad line for taking the goods from the exporter’s facility to the port of embarkation or consolidation facility.

Ocean Bill of Lading (OBL): The Ocean B/L is an invoice, and may be issued as a “clean” bill of lading, meaning the carrier certifies that the goods have been received without visible damage. An “On-Board” B/L may be issued when the goods are received into the carrier’s port facility, basically confirming the cargo will be sailing.

Air Way Bill (AWB): The Air Way Bill is a form of bill of lading used for the air transport of goods. AWBs are non-negotiable, mainly because of the short amount of time that the goods are in transit. The original AWB is rarely needed by the importer at the other end of the shipment to prove ownership of goods. A “house airway bill” is issued by a freight forwarder on behalf of the actual carrier, which is the case when a freight forwarder has a contract rate with an air cargo service to expedite the documentation.

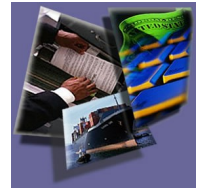
Export and License Declaration

Electronic Export Information (EEI): “EEI” is the acronym for the new process of filing what was the Shipper’s Export Declaration (SED) form 7525V. Census uses the EEI to collect trade data on the products, quantities, dollar value, volume and destinations of U.S. exports. To properly complete an EEI, the exporter is responsible for classifying their product under the appropriate Schedule B Number, or HS Code. An EEI is filed online and the Internal Transaction Number (Sample: ITN X20091110000001) is applied to key shipping documents, i.e., Invoice, B/L, verifying the actual filing. An EEI is required for U.S. exports valued \$2,500 or more per individual Schedule B Number. If the value is under \$2,500, the exporter must note that using the following statement: “No EEI required, shipment valued under \$2,500 per individual Schedule B Number.” Also, this process is used to manage U.S. export regulations for any commodity requiring an export license and, regardless of value, the license number must be in the EEI. Filing an EEI is not required for shipments to Canada (unless an export license is involved), nor if shipping between U.S. territories, such as the Virgin Islands. However, it is required for shipments to Puerto Rico.

[See VEDP Fast Facts “Mandatory AES”](#)

Certificates

Certificate of Origin (C/O): A document prepared by the original manufacturer and certified by a quasi-official authority - such as a Chamber of Commerce - stating the items’ country of origin. Most countries that require a C/O will accept a generic C/O as long as all of the required data elements are given. However, some countries, like Israel, have a special green C/O form that must be used. To take advantage of duty free provisions in a U.S. Free Trade Agreement, be sure to use the particular C/O that addresses the “rules of origin” criteria for each country.



EXPORT DOCUMENTATION

Certificate of Insurance: This document indicates the type and amount of insurance in force on a particular shipment for loss or damage while in transit. It is sometimes referred to as Marine insurance, but may cover the entire voyage.

Certificate of Inspection: Some customers will require a “pre-shipment inspection” to satisfy their own requirements or local regulations, according to an industry, government, or carrier specification. Neutral organizations specialize in these types of certifications, whereby an inspector checks the goods in question prior to shipment. Sometimes an inspector can look at a sample, but other times inspection must occur when the goods are packaged to issue a certificate.

Certificate of Free Sale: This form may be required by the importing country to ensure that the goods offered for entry comply with domestic requirements for sale in the U.S. It is often required for agricultural, medicinal, or cosmetic products and can be issued by the VEDP or U.S. FDA.

Certificate of Authentication (Apostille): An original document that has been notarized may require “authentication” by the Secretary of the Commonwealth. An Apostille certificate will be issued according to the country (language) of destination, confirming the status of the notary who has witnessed the original document.

Phytosanitary Certificate: Primarily a document required to import goods into the U.S., confirming compliance with phytosanitary safety regarding agricultural and animal health standards.

Special Documents

Declaration of Dangerous Goods (DGD): A DGD declares the nature, quantity, and quantity of hazardous materials and reports the proper classification for each item.

ATA Carnet: A Carnet, sometimes referred to as a “merchandise passport”, is used for shipping goods to countries on a temporary, duty-free basis only. For a fee, this passport allows a company to ship needed materials to foreign trade shows or conduct repairs overseas. Within a year, the materials must return to the U.S. in order to avoid a hefty fine.

Documentary Letters of Credit (L/C): A letter of credit is a document issued by a bank committing to pay the seller/exporter a stated amount of money on behalf of the buyer/importer as long as the specific terms and conditions are met. Of all shipping documents, errors or making changes to the L/C are the most costly and time consuming because of the risk of payment in error.

See VEDP Fast Facts “Payment Terms and Export Finance”.

Knowledge of the proper forms required, along with uniformity and document control, will help exporters prevent errors in shipping documentation, save processing time, create good file management, improve customer service, and of course, avoid costly fines.



VEDP SERVICES

The VEDP offers a number of export-related services to Virginia businesses, including group market visits and market research by our Global Network of in-country consultants. These services are available to all Virginia exporters. For more information, please visit our website: www.exportvirginia.org

ADDITIONAL RESOURCES

- American Association of Exporters and Importers: <http://www.aaei.org/>
- Export Practitioner: <http://www.exportprac.com/>
- UNZ & Co.: <http://www.unzco.com>
- U.S. Department of Commerce:
 - Bureau of Industry & Security: www.bis.doc.gov
 - Exporter Resources: www.Export.gov
 - International Trade Administration: www.Trade.gov

WORKS CITED

Hinkelman, Edward G. Dictionary of International Trade. 6th Edition. 2005. World Trade Press.
Jagoe, John R. Export Sales and Marketing Manual. 20th Edition. 2007. Export Institute.

Last Updated: November 2009

**Information provided by VEDP Fast Facts is intended as advice and guidance only. The information is in no way exhaustive and the VEDP is not a licensed broker, banker, shipper or customs agency. VEDP shall not be liable for any damages or costs of any type arising out of, or in any way connected with the use of, these Fast Facts.*