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Export documentation

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Export documentation[1]

1. Introduction

The documentation required when sending goods to customers in other countries can seem complicated to a new exporter. However, with the harmonisation of international trade documentation and standard terms, and the wide range of help and advice available, the process of dealing with the paperwork has become easier and more efficient. But it remains vital to get export documentation right, as this is the only way to ensure that goods reach their destination on time and that the exporter receives payment.

This factsheet explains the various documents required when selling goods internationally.

2. Types of export documentation

Export documentation is used for several reasons:

- To reduce delays in shipment and delivery.
- To describe cargo.
- To gain customs clearance.
- To indicate the ownership of goods for collection purposes.
- To obtain payment.

The United Nations (UN) Layout Key for Trade Documents provides a standard layout for export paperwork. The standard layout means the same piece of information is in the same place on all documents. This makes the completion, checking and comparison of related documents much easier, as does the use of standard trade terms – known as Incoterms – that are commonly used in international trade.

Most export documentation falls into one of the following categories:

- Commercial documents.
- Official documents.
- Transport documents.
- Insurance documents.

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3. Commercial documents

Commercial documents include:

- **Commercial invoice.** A commercial invoice is a bill the exporter prepares for the goods they are exporting. It acts as a basis for the assessment of any import duty the overseas buyer may have to pay, and is used as evidence of the value of goods in the event of an insurance claim. In some cases, it also forms a contract of sale. The invoice describes the goods and must be completed according to the requirements of the customs authorities in the country to which the goods are being exported.
- **Pro forma invoice.** This refers to an invoice sent in advance of a shipment. This may be needed if an international customer has to obtain an allocation of foreign currency or an import licence prior to the dispatch of the goods. Pro forma invoices can also be used to send commercial samples and other free-of-charge consignments.
- **Export Cargo Shipping Instruction (ECSI).** This is the instruction from an exporter to a freight forwarder or carrier, setting out the terms and conditions for the movement of goods and stating who is responsible for what happens to the goods during each stage of the process.

4. Official documents

There are various official documents of which to be aware:

- **Certificates of Origin (C/O).** These provide evidence that goods have been obtained, produced, manufactured or processed in a particular country, and are required in some countries when goods are imported. They are available from local chambers of commerce. (See PROFIT factsheet CO
- **Export licences.** These may be required for certain products to be exported legally such as drugs, chemicals, antiques, military-related items, high-tech industrial goods and scientific instruments. It is the exporter's responsibility to establish whether their goods require an export licence and to obtain one if necessary.
- **Health certificates.** Sanitary and phytosanitary certificates will be required for the export of food, livestock, agricultural and horticultural products, and are usually issued by a state-appointed veterinary inspector or health board.
- **Clean Report of Findings (Pre-Shipment Inspection Certificate).** This is a document issued by an independent, pre-shipment inspection agency, appointed by the importer’s country, to check that the goods being shipped are those on the pro forma invoice and that they conform to quality, price and quantity requirements. Checks are also made once shipment is complete. Exporters should contact the inspection agency in the

country to which they are exporting as early as possible if they think inspection may be required.

- **Import licences and special requirements.** Individual countries have their own very specific documentary requirements. Many require import licences for certain items, and some for all types of goods. Others prohibit certain goods entirely. Although it is normally the overseas buyer's responsibility to comply with import licensing requirements, it makes sense for the exporter to confirm that they are doing so.

5. Transport documents

Transportation documents commonly required include:

- **Bill of lading.** This is issued and signed by the exporter's carrier once the goods being exported have been placed in their care. It serves as evidence of a contract between the exporter or the overseas customer and a carrier to ship the goods. It also acts as a receipt for goods. It may describe the condition of the goods when transferred to the carrier and serves as a document of title, indicating the person or business that has the right to possess the goods.
    - The bill of lading should show relevant information, such as date and point of dispatch, carrier's name and destination port. The reverse side gives details of the terms on which the carrier is shipping the goods, and indicates limitations of their liability. Bills are usually completed in sets of two or three; one may be forwarded immediately and another is sent later in case of loss. If payment is by letter of credit, however, a full set is usually required to be presented, along with other documents such as invoices, packing lists and country of origin (C/O).
    - Goods can be consigned 'to order', which means the importer can give someone else authority to collect them on arrival. In this case, the bill of lading will be endorsed by the exporter. If the consignee (the exporter's customer) is named, the goods will only be released to them.
    - Bills of lading can be issued in several forms. A 'shipped' or 'shipped on board' bill signifies that the goods have been received and placed on board ship, while a 'received for shipment' bill indicates that the goods have been received by the ship owner, but have not been placed on board. Other types of bills cover combined transport - that is, over land as well as sea - and containerisation.
- **Sea Waybill.** This is a contract between a sea carrier and an exporter to carry goods by sea. It is needed by the importer to take possession of the goods. Although similar to a bill of lading, it does not include information indicating the person or business that has the right to possess the goods and does not transfer title to the goods. Waybills can be transmitted either on paper or in electronic format.

- **Air Waybill.** This is issued by an airline when goods are received for carriage and which travels with the goods. It is similar to a bill of lading but is not a document of title.
- **CMR/CIM.** The CMR (Convention on the Contract for the International Carriage of Goods by Road) accompanies goods dispatched by road; the CIM (Convention concerning International Carriage of Goods by Rail) covers goods dispatched by rail. Neither transfer title in the goods, but both function as receipts and evidence of the contract of carriage.
- **Dangerous Goods Note (DGN).** This is required when shipping hazardous or potentially hazardous goods. The exporter must provide the freight carrier with full details of the goods, including the official class of danger to which they belong. Exporters should also be aware of packaging and labelling requirements for hazardous cargoes. For air transport, the International Air Transport Association (IATA) Dangerous Goods Declaration should be used. Go to www.iata.org/whatwedo/cargo/dgr/Pages/index.aspx for further information.
- **Standard Shipping Note (SSN).** This is usually completed by the exporter and it provides anyone that receives the goods, such as a port authority or container base, with the information necessary to handle the goods. The Note may be used for goods classified as hazardous by a mode of transport other than that for which a DGN or IATA Dangerous Goods Declaration is required.
- **ATA (Temporary Admission) Carnets.** These are particularly useful when exporters are taking goods through a number of countries, for example to a trade fair, but will bring them back to the UK. Carnets are issued by selected chambers of commerce on payment of a fee and they serve as a passport for the goods. Export and import restrictions, including licence requirements, must still be observed under the Carnet system. The maximum period of validity of Carnets is one year, but they can be used a number of times during that period.

6. Insurance documents

It is essential to arrange adequate insurance cover for goods being exported. The following documents should be issued:

- **Insurance policy.** A freight insurance policy should be arranged through a broker with a thorough knowledge of exporting. The policy should cover goods for at least their full value (110% is common), carry all details of quantity and route, and provide for time extensions and trans-shipments where necessary.
- **Certificate of insurance.** A certificate is issued by the insurance company or underwriters to certify that cover has been arranged for the goods being exported. It should detail the degree of protection and list the policy number and all relevant details - dates, destination, transport method, route, description of the cargo and the value for which it is insured.

7. Using electronic systems

Electronic systems have simplified international trade by speeding up processes and improving accuracy in transcriptions. Systems include:

- **Electronic data interchange (EDI).** The transfer of data through computer networks has become vital to the international exchange of commercial information. It makes document exchange faster and improves accuracy by cutting out transcription errors. EDI systems use conventions and standards of formatting for correct data delivery. International standards have been devised so that documents such as invoices and orders can be exchanged between importers and exporters. Their precise layout makes them simpler to use for trading partners in different countries without a common language. Banks and chambers of commerce provide EDI systems which allow for paperless export declarations to be made. The benefits of using EDI include speed, accuracy and the ability to send information to a large number of recipients using one system. Disadvantages include security concerns when dealing with global orders without knowing the integrity of the person or organisation placing the order.

8. Further information

- The Customs Authorities in your country will have a website and help desk and should be able to advise on export documentation requirements, VAT, controlled goods and legislation.
- Local chambers of commerce can usually help with information and advice about all aspects of export and import documentation, and will usually have experienced staff to advise about specific problems.
- Freight forwarders and documentation specialists offer a range of services covering the physical shipping of goods for export and usually including packing and documentation.
- The Global Negotiator website has a dictionary which explains many of the terms and documents that you are likely to need, though it cannot help you determine whether you actually need them – see www.globalnegotiator.com/international-trade/dictionary/
- The Info Viet-Trade Portal, https://infovietrade.vn/?l=en, is a fantastic resource, set up by VIETRADE with support from the International Trade Centre, which enables businesses in Vietnam to determine exactly what documentation is required for a wide range of possible exports and imports.

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