

WHAT IS A FREIGHT FORWARDER? TYPES AND FUNCTIONS

The freight forwarder or forwarding agent is an indispensable member of the international trade and transport community; the freight forwarder arranges for the international shipment of merchandise. Like travel agents – but dealing with cargo rather than passengers – freight forwarder use their knowledge of varying freight rates to offer the shipper the best “package deal”.

In addition to booking freight, freight forwarders may also handle export and customs documentation, insurance and port and terminal charges. Small exporters often consult with their freight forwarders before quoting a Price in a tender for a particular international transaction.

The terms “freight forwarder” and “forwarding agent” are generic terms encompassing a variety of specialized functions, within the profession. Some forwarders offer a wide range of these functions, whereas others restrict themselves to a single speciality or particular geographical coverage. These various functions are summarized below. In addition, it is important for traders to understand that forwarders may act as either agents or principals, with differing legal consequences.

Freight Forwarders main functions

Following the sequential order of international trade operations, the freight forwarders perform the following functions:

- Advice on export costs, including freight costs, port expenses, consular fees, special documentation costs, insurance costs and merchandise costs.
- Planning the most appropriate route for a shipment, taking into account the perishable or dangerous nature of the goods, cost, transit time and safety.
- Reservation and contracting of the necessary cargo space on a ship, aircraft, train or truck.
- Advising and contracting insurance for transportation of the merchandise on behalf of the client and, if applicable, assistance in the event of an accident.
- Advice on the most appropriate way to transport cargo and carry out the procedures for packing, stowing and loading the merchandise.
- Preparation and presentation of [Transport and Trade Documents](#) required for export and import, such as the CMR, Bill of Lading, Airway Bill, etc.

- Handling with customs agents abroad to ensure that goods and documents comply with customs regulations.
- Acting as an intermediary in customs negotiations around the world to guide the cargo efficiently.
- Use of e-commerce, Internet technology and satellite systems to allow real-time tracking of the transport of goods.
- Advice on legislation affecting international trade, political and social situations (strikes) as well as other factors that may affect the movement of goods.

Freight forwarders as agents or principals

A **freight forwarder acts as an agent** when he performs functions on behalf of, and under the instructions of, the principal (the exporter or importer). As an agent, the forwarder will procure the services of third parties who will perform the packing, storage, transport, handling and customs clearance of the goods. The agent thus acts as an intermediary, “introducing”, in a manner of speaking, the principal to the service providers. The principal then enters into direct contractual relations with the service providers. Consequently, the forwarders are generally not liable for the errors or breaches of the service providers. As with other agents, the forwarder owes the principal various duties, including the duty to inform and the duty of diligence (see Chapter 5 on agency law).

When the **forwarder acts as a principal**, it contracts directly the exporter or importer (the “customer”). The customer will deal only with the forwarder, who will issue a single bill to the customer for the total amount of services rendered. As a principal, the forwarder is generally liable for the errors or breaches of the sub-contracted service providers.

It is also possible for a forwarder to enter into “hybrid” arrangements, acting as agent for certain functions and as principal for others.

Types of freight forwarders

There are different types of freight forwarders, depending on the activities they carry out and also the title they have that allows them to be accredited in certain Official Registers, which is obligatory to carry out certain activities. From the highest to the lowest level of services, the following types of operators and agents can be distinguished as freight forwarders:

a. Consolidators/NVOCC (Non-Vessel Operating Common Carriers)

This function involves grouping or assembling diverse shipments from various customers so as to make up full container loads, thus obtaining lower freight rates. Some consolidators

offer regular shipments on seagoing vessels that they do not own; these are referred to as NVOCCs.

b. Multimodal (or intermodal) transport operators (MTO'S)

A multimodal transport operator offers “one-stop shopping” for traders. This enables traders to completely outsource or sub-contract their export logistics to a single service provider. Multimodal transport operators typically offer “door-to-door” transport, with coverage of all related functions such as insurance, customs, warehousing, etc.

c. Customs brokers

These parties act as the agents of exporters and importers in order to process customs declarations and other formalities and pay duties and taxes. Because they may be liable for very large payments of duties or fines, customs brokers are usually bonded by banks or insurance companies. Traders should take care to give precise directions and limits to customs brokers to avoid incurring liability in the event that an unexpectedly high tariff or fine makes it uneconomical to process a particular shipment.

d. Port (sea port, airport or cargo terminal) agent

This agent represents the shipper at the point where the goods are transferred from one transport mode (typically, from a truck or lorry) to another (as to a seagoing vessel or airplane).

e. Air freight agent (air waybill agent)

These agents process shipments for airlines and may have the authority to issue air waybills. Frequently, the air freight agent also handles custom clearance.

f. Road haulage brokers

Road transport is characterized in many countries by the proliferation of small service providers. Road haulage brokers acts as intermediaries between road carriers and shippers and are usually paid by commission.

g. Loading brokers

These brokers act as the agents of ship owners to obtain and process cargo shipments. Commonly, a freight forwarder will represent the shipper while a loading broker represents the ship owner, so that there are two intermediaries between the customer and the transport provider.

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BRAZIL

Introduction
Brazil is the fifth largest country in the world and the 15th in terms of population. It is a great geographical position and very important in manufacturing of consumer goods. There are many trade opportunities and export markets. Infrastructure and investment and supporting and high technology industries. Brazil is one of the few countries that are not an industrial industry: mostly commodity. Culture: The heart of the generation of the traditional "gosto brasileiro". Tom, Catherine in China are represented in Brazil.



KEY FACTS
POPULATION: 191.1m
AREA: 8,511,965 sq km
FORM OF GOVERNMENT: Federal republic (28 states and 1 Federal district)
GDP PER CAPITA (PPP): USD 1,300
COUNTRY RISK RATING (Global Risk): Medium-High (A1-A2, A3, A4, B-C, D)
CURRENCY: Real (R\$) = 100 cents
OFFICIAL LANGUAGE: Portuguese
LANGUAGE FOR BUSINESS: Portuguese, Spanish and English (ESL) in Miami and Washington (DC)
RELIGION: Catholic (70%), Protestant and Evangelical (25%), Muslim and traditional (5%)
CAPITAL: Brasilia (Br)
MAIN CITIES: Sao Paulo (10m), Rio de Janeiro (7m), Belo Horizonte (3.5m), Salvador (2.5m), Recife (1.5m), Fortaleza (1.5m)
TELEPHONE CODE: 55
INTERNET CODE: .br
NATIONAL HOLIDAY: 15th September

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CHINA

Introduction
China is the most populous country in the world. It is a great geographical position and very important in manufacturing of consumer goods. There are many trade opportunities and export markets. Infrastructure and investment and supporting and high technology industries. China is one of the few countries that are not an industrial industry: mostly commodity. Culture: The heart of the generation of the traditional "gosto chinês". Tom, Catherine in China are represented in China.



KEY FACTS
POPULATION: 1,339.6m
AREA: 9,596,961 sq km
FORM OF GOVERNMENT: Communist Party of China (CPC)
GDP PER CAPITA (PPP): USD 1,000
COUNTRY RISK RATING (Global Risk): High (A1-A2, A3, A4, B-C, D)
CURRENCY: Yuan (RMB) = 100 cents
OFFICIAL LANGUAGE: Chinese
LANGUAGE FOR BUSINESS: English
RELIGION: Traditionally is officially atheist, but many people believe in Confucianism, Taoism and Buddhism
CAPITAL: Beijing (20m)
MAIN CITIES: Shanghai (20m), Tianjin (10m), Hong Kong (7m), Shenzhen (7m), Chengde (5m), Nanjing (5m), Beijing (5m), Wuhan (5m), Chongqing (5m), Kunming (5m), Xi'an (5m)
TELEPHONE CODE: 86
INTERNET CODE: .cn
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Introduction
Russia is the largest country in the world. It is a great geographical position and very important in manufacturing of consumer goods. There are many trade opportunities and export markets. Infrastructure and investment and supporting and high technology industries. Russia is one of the few countries that are not an industrial industry: mostly commodity. Culture: The heart of the generation of the traditional "gosto russo". Tom, Catherine in China are represented in Russia.



KEY FACTS
POPULATION: 142.4m
AREA: 17,098,246 sq km
FORM OF GOVERNMENT: Federal republic (81 Federal administrative districts)
GDP PER CAPITA (PPP): USD 1,000
COUNTRY RISK RATING (Global Risk): High (A1-A2, A3, A4, B-C, D)
CURRENCY: Ruble (RUB) = 100 cents
OFFICIAL LANGUAGE: Russian and other (Chechen, Ukrainian, Armenian, etc.)
LANGUAGE FOR BUSINESS: English
RELIGION: Russian Orthodox, Protestant, Muslim (80% of the population adheres to the official religion in the state)
CAPITAL: Moscow (15m)
MAIN CITIES: Saint Petersburg (8m), Novosibirsk (5m), Krasnoyarsk (4m), Yekaterinburg (4m), Omsk (3m)
TELEPHONE CODE: 7
INTERNET CODE: .ru
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AUSTRALIA

Introduction
Australia is the sixth largest country in the world. It is a great geographical position and very important in manufacturing of consumer goods. There are many trade opportunities and export markets. Infrastructure and investment and supporting and high technology industries. Australia is one of the few countries that are not an industrial industry: mostly commodity. Culture: The heart of the generation of the traditional "gosto australiano". Tom, Catherine in China are represented in Australia.



KEY FACTS
POPULATION: 22.5m
AREA: 7,688,000 sq km
FORM OF GOVERNMENT: Federal republic (6 states, 2 territories and 8 independent territories)
GDP PER CAPITA (PPP): USD 23,500
COUNTRY RISK RATING (Global Risk): High (A1-A2, A3, A4, B-C, D)
CURRENCY: Australian dollar (AUD) = 100 cents
OFFICIAL LANGUAGE: English
LANGUAGE FOR BUSINESS: English
RELIGION: Protestant (20%), Catholic (20%), Muslim (10%), and other (50%)
CAPITAL: Canberra (3m)
MAIN CITIES: Sydney (4.5m), Melbourne (3.5m), Brisbane (2.5m), Perth (2.5m), Adelaide (1.5m)
TELEPHONE CODE: 61
INTERNET CODE: .au
NATIONAL HOLIDAY: 26th January

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GERMANY

Introduction
Germany is the seventh largest country in the world. It is a great geographical position and very important in manufacturing of consumer goods. There are many trade opportunities and export markets. Infrastructure and investment and supporting and high technology industries. Germany is one of the few countries that are not an industrial industry: mostly commodity. Culture: The heart of the generation of the traditional "gosto tedesco". Tom, Catherine in China are represented in Germany.



KEY FACTS
POPULATION: 82.5m
AREA: 357,021 sq km
FORM OF GOVERNMENT: Federal republic (16 states in Länder)
GDP PER CAPITA (PPP): USD 37,500
COUNTRY RISK RATING (Global Risk): High (A1-A2, A3, A4, B-C, D)
CURRENCY: Euro (EUR) = 100 cents
OFFICIAL LANGUAGE: German
LANGUAGE FOR BUSINESS: English and German
RELIGION: Protestant (30%), Catholic (20%)
CAPITAL: Berlin (3.5m)
MAIN CITIES: Frankfurt (5m), Cologne (4.5m), Munich (1.5m), Stuttgart (1.5m), Düsseldorf (1.5m), Hamburg (1.5m), Berlin (1.5m)
TELEPHONE CODE: 49
INTERNET CODE: .de
NATIONAL HOLIDAY: 3rd October

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Introduction
Japan is the 13th largest country in the world. It is a great geographical position and very important in manufacturing of consumer goods. There are many trade opportunities and export markets. Infrastructure and investment and supporting and high technology industries. Japan is one of the few countries that are not an industrial industry: mostly commodity. Culture: The heart of the generation of the traditional "gosto japonês". Tom, Catherine in China are represented in Japan.

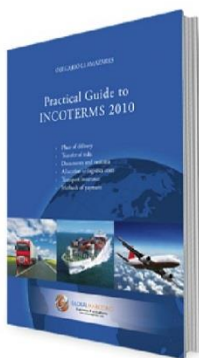


KEY FACTS
POPULATION: 127.1m
AREA: 377,835 sq km
FORM OF GOVERNMENT: Constitutional monarchy (147 prefectures)
GDP PER CAPITA (PPP): USD 29,400
COUNTRY RISK RATING (Global Risk): High (A1-A2, A3, A4, B-C, D)
CURRENCY: Yen (JPY) = 100 cents
OFFICIAL LANGUAGE: Japanese
LANGUAGE FOR BUSINESS: English
RELIGION: Shinto and Buddhism (80% of the population adheres to the official religion in the state)
CAPITAL: Tokyo (13m)
MAIN CITIES: Yokohama (3.5m), Osaka (2.5m), Nagoya (2.5m), Kyoto (1.5m), Fukuoka (1.5m)
TELEPHONE CODE: 81
INTERNET CODE: .jp
NATIONAL HOLIDAY: 23rd December

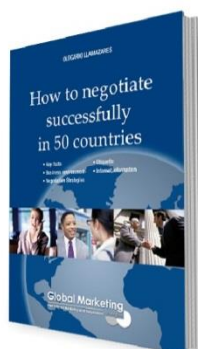
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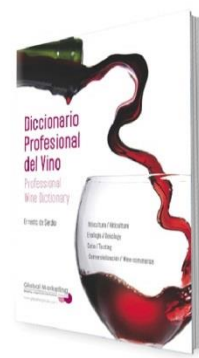
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