

5. Transporting your Product to the EU

5.1 Logistics and Shipping

General requirements

It is extremely important to choose the right shipping method. Exporters have a number of options to transport goods from the Caribbean to Europe. Careful planning and research will provide you with the various options available for logistics and shipping. The following four modes of product transportation delivery exist:

- **Truck :** Highly flexible, bulk and finished goods
- **Rail:** Limited flexibility, bulk and finished goods
- **Air:** Faster, expensive, higher value finished goods
- **Marine:** Slower, larger volumes, cheaper, bulk and finished goods

Many exporters have used multiple transportation modes to deliver their good to a market. Multimodal combines the best features of all modes and multiple uses. The type of mode selected will depend on a number of factors including cost-effectiveness of transportation, availability and frequency of transportation mode, type of product, shelf life and well as the customers demand and requested timeline for delivery.

This next section will tell you which general documents (transport, customs, insurance and commercial) that must accompany all products entering the EU (Latest Revision Date (dd/mm/yyyy): 01/10/2010). Many exporters outsourcing logistics and shipping and Caribbean Specialty Food providers may work with a local freight forwarder or customs broker to have the required documentation completed for product distribution.

Commercial Invoice

The commercial invoice is a record or evidence of the transaction between the exporter and the importer. Once the goods are available, the exporter issues a commercial invoice to the importer in order to charge him for the goods. The commercial invoice contains the basic information on the transaction and it is always required for customs clearance. Although some entries specific to the export-import trade are added, it is similar to an ordinary sales invoice. The minimum data generally included are the following:

- Information on the exporter and the importer (name and address)
- Date of issue
- Invoice number
- Description of the goods (name, quality, etc.)
- Unit of measure

- Quantity of goods
- Unit value
- Total item value

- Total invoice value and currency of payment. The equivalent amount must be indicated in a currency freely convertible to Euro or other legal tender in the importing Member State
- The terms of payment (method and date of payment, discounts, etc.)
- The terms of delivery according to the appropriate Incoterm
- Means of transport

No specific form is required and the commercial invoice is to be prepared by the exporter according to standard business practice and it must be submitted in the original along with at least one copy. In general, there is no need for the invoice to be signed. In practice, both the original and the copy of the commercial invoice are often signed. The commercial invoice may be prepared in any language. However, a translation into English is recommended.

Freight Documents (Transport Documentation)

Depending on the means of transport used, the following documents are to be filled in and presented to the customs authorities of the importing EU member state upon importation in order for the goods to be cleared:

- Bill of Lading
- FIATA Bill of Lading
- Air Way Bill (AWB)
- ATA Carnet

Packing List

The packing list (P/L) is a commercial document accompanying the commercial invoice and the transport documents. It provides information on the imported items and the packaging details of each shipment (weight, dimensions, handling issues, etc.). It is required for customs clearance as an inventory of the incoming cargo.

Customs Value Declaration

The Customs Value Declaration is a document, which must be presented to the customs authorities where the value of the imported goods exceeds 10,000EUR. This form must be presented with the Single Administrative Document (SAD). The main purpose of this requirement is to assess the value of the transaction in order to fix the customs value (taxable value) to apply the tariff duties.

The customs value corresponds to the value of the goods including all the costs incurred (e.g.: commercial price, transport, insurance) until the first point of entry in the EU. The usual method to establish the Customs value is using the transaction value (the price paid or payable for the imported goods).

In certain cases the transaction value of the imported goods may be subject to an adjustment, which involves additions or deductions. For instance:

- Commissions or royalties may need to be added to the price;
- The internal transport (from the entry point to the final destination in the Community Customs Territory) must be deducted; and
- The customs authorities shall waive the requirement of all or part of the customs value declaration where:

- the customs value of the imported goods in a consignment does not exceed EUR 10 000, provided that they do not constitute split or multiple consignments from the same consignor to the same consignee; or

- the importations involved are of a non-commercial nature; or

- the submission of the particulars in question is not necessary for the application of the Customs

Tariff of the European Communities or where the customs duties provided for in the Tariff are not chargeable pursuant to specific customs provisions.

Freight Insurance

The insurance is an agreement by which the insured is indemnified in the event of damages caused by a risk covered in the policy. Insurance is all-important in the transport of goods because of their exposure to more common risks during handling, storing, loading or transporting cargo, but also to other rare risks, such as riots, strikes or terrorism. The insurance invoice is required for customs clearance only when the relevant data do not appear in the commercial invoice indicating the premium paid to insure the merchandise.

Customs Import Declaration (SAD)

All goods imported into the European Union (EU) must be declared to the customs authorities of the respective Member State using the Single Administrative Document (SAD), which is the common import declaration form for all the Member States, laid down in the Community Customs Code published in Regulation (EEC) No 2913/92 (OJ L-302 19/10/1992) (CELEX 31992R2913). The declaration must be drawn up in one of the official languages of the EU, which is acceptable to the customs authorities of the Member State where the formalities are carried out.

The SAD may be presented either by:

- Using an approved computerised system linked to Customs authorities; or
- Lodging it with the designated Customs Office premises.
- The main information that shall be declared is:

- Identifying data of the parties involved in the operation (importer, exporter, representative, etc.)
- Custom approved treatment (release for free circulation, release for consumption, temporary importation, transit, etc.)
- Identifying data of the goods (Taric code, weight, units), location and packaging
- Information referred to the means of transport
- Data about country of origin, country of export and destination
- Commercial and financial information (Incoterms, invoice value, invoice currency, exchange rate, insurance etc.)
- List of documents associated to the SAD (Import licenses, inspection certificates, document of origin, transport document, commercial invoice etc.)
- Declaration and method of payment of import taxes (tariff duties, VAT, Excises, etc)

The SAD set consists of eight copies; the operator completes all or part of the sheets depending on the type of operation.

In the case of importation generally three copies shall be used: one is to be retained by the authorities of the Member State in which arrival formalities are completed, other is used for statistical purposes by the Member State of destination and the last one is returned to the consignee after being stamped by the customs authority.

Documents associated to the SAD

According to the operation and the nature of the imported goods, additional documents shall be declared with the SAD and shall be presented together with it. The most important documents are:

- ☐ Documentary proof of origin, normally used to apply a tariff preferential treatment
- ☐ Certificate confirming the special nature of the product
- ☐ Transport Document
- ☐ Commercial Invoice
- ☐ Customs Value Declaration
- ☐ Inspections certificates (health, veterinary, plant health certificates)
- ☐ Import licenses
- ☐ Community Surveillance Document
- ☐ Cites Certificate
- ☐ Documents to support a claim of a tariff quota

- Documents required for excise purposes
- Evidence to support a claim to VAT relief Legislation

5.2 Export Certificates

Due to the preferential trade agreement between CARIFORUM countries and the European Union (EU) known as the Economic Partnership Agreement, goods entering the EU that are of CARIFORUM origin are excluded from customs duties. In order to claim this duty exemption, the EUR 1 Movement Certificate/Certificate of Origin is required. Through the EUR 1 Certificate, a competent authority in the home country within the respective CARIFORUM states certifies the origin of the goods being exported to the EU.

For additional information on completing the EUR 1 movement certificate, the London Chamber of Commerce and Industry's website can be consulted:

<http://www.londonchamber.co.uk/docimages/1292.pdf>.

For more information on the other documents outlines above, the EU Export Help Desk should be consulted:

[http://exporthelp.europa.eu/display.cfm?
page=rt/rt_GeneralRequirements.html&docType=main&languageId=EN](http://exporthelp.europa.eu/display.cfm?page=rt/rt_GeneralRequirements.html&docType=main&languageId=EN)

5.3 INCOTERMS 2010

INCOTERMS are International Commercial Terms, which are used as standard trade definitions for international sales contracts and recognized around the world. In 2010 INCOTERMS were last revised to take into account development in global trade. The number of rules were reduced from 13 to 11 with the addition of two new rules. All contracts made under INCOTERMS 2000 remain valid even after 2011 and it is important to clearly specify the chosen version of INCOTERMS 2010 or INCOTERMS 2000. Companies should be familiar with INCOTERMS and understand the associated risks, responsibility and costs. Because documentary requirements vary between countries, INCOTERMS are very helpful in smoothing trade transactions. INCOTERMS typically appear on invoices and shipping documentation.

The 2010 Incoterms are listed below in order of increasing risk/liability to the exporter:

http://www.exportvirginia.org/fast_facts/Current/FF_Issues_INCO_Terms.pdf.
Rules for Sea & Inland Waterway Transport:

FAS - Free Alongside Ship: Risk passes to buyer, including payment of all transportation and insurance costs, once delivered alongside the ship (realistically at named port terminal) by the seller. The export clearance obligation rests with the seller.

FOB - Free On Board: Risk passes to buyer, including payment of all transportation and insurance costs, once delivered on board the ship by the seller. This is a step further than FAS.

CFR - Cost and Freight: Seller delivers goods and risk passes to buyer when on board the vessel. Seller arranges and pays cost and freight to the named destination port. This is a step further than FOB.

CIF - Cost, Insurance and Freight: Risk passes to the buyer when delivered on board the ship. Seller arranges and pays cost, freight and insurance to destination port. This adds insurance costs to CFR.

Rules for Any Mode or Modes of Transportation

EXW - Ex Works: Seller delivers (without loading) the goods at disposal of buyer at seller's premises. Long held as the most preferable term for exporters who are fairly new in the export business since represents the minimum liability to the seller. On these routed transactions, the buyer has limited obligation to provide export information to the seller.

FCA - Free Carrier: Seller delivers the goods to the carrier and may be responsible for clearing the goods for export (filing the EEI). FCA is more realistic than EXW because it includes loading at pickup, which is commonly expected.

CPT - Carriage Paid To: Seller delivers goods to the carrier at an agreed place, shifting risk to the buyer, but seller must pay cost of carriage to the named place of destination.

CIP - Carriage and Insurance Paid To: Seller delivers goods to the carrier at an agreed place, shifting risk to the buyer, but seller pays carriage and insurance to the named place of destination.

DAT - Delivered at Terminal: Seller bears cost, risk and responsibility until goods are unloaded (delivered) at named quay, warehouse, yard, or terminal at destination. Demurrage or detention charges may apply to seller. Seller clears goods for export, not import. DAT replaces DEQ, DES.

DAP - Delivered at Place: Seller bears cost, risk and responsibility for goods until made available to buyer at named place of destination. Seller clears goods for export, not import.

DDP - Delivered Duty Paid: Seller bears cost, risk and responsibility for cleared goods at named place of destination at buyers' disposal. Buyer is responsible for unloading. Seller is responsible for import clearance, duties and taxes so buyer is not "importer of record".

Additional Information on Incoterms is available at the International Chamber of Commerce website: <http://www.iccwbo.org/incoterms>