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Sustainable Human Resource Development in logistics services for ASEAN Member States

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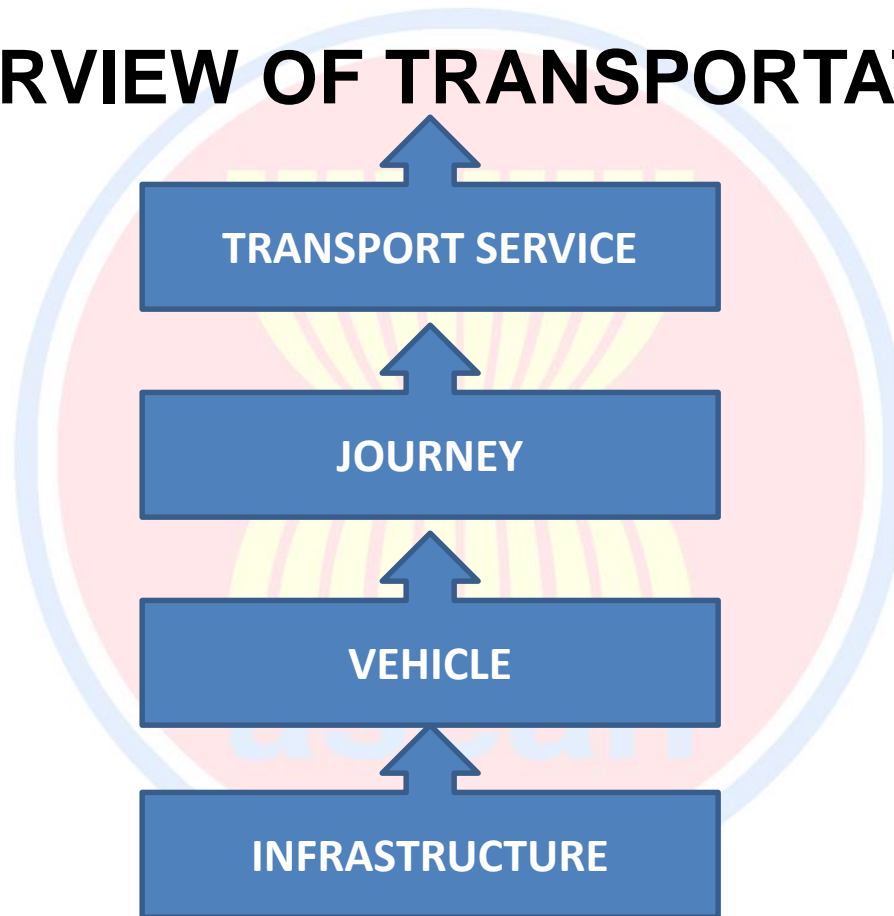
MULTIMODAL TRANSPORT OPERATION & LAWS

Chapter One

OVERVIEW OF TRANSPORTATION

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OVERVIEW OF TRANSPORTATION





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OVERVIEW OF TRANSPORTATION

1830 - Container Transport by Rail by the Liverpool & Manchester using RO/RO container

1921 - Rail/Sea Transport by Sea-Land Inc.

1958 - APL inaugurated containerization in the Pacific

1960 - Hapag Lloyd, P&O, Maersk Line started



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TRANSPORT DEFINITION

- **MODE OF TRANSPORT** : Way to perform or Method
- **MEANS OF TRANSPORT**: Vehicle to use
- **TYPE OF TRANSPORT** : Mode & Means



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TRANSPORT DEFINITION

UNIMODAL TRANSPORT: The Carriage of Goods by one single mode of Transport, namely Road, Rails, Sea, Inland Waterway, Air, Space.

Unimodal Transport covers the entire transport including transshipment if the second leg of transport is the same mode but in the different means of transport, such as Sea transport using feeder and mother vessel.



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TRANSPORT DEFINITION

INTERMODAL TRANSPORT: The Carriage of Goods by MORE than TWO modes of transport without any handling of the freight when changing the modes through an intermodal transport chain with one single contract of carrier. In USA so called “Containerized Rail Transport”

COMBINE TRANSPORT: a shape of Intermodal Transport, moving the goods in same loading unit or road vehicle with two or more modes of transport without handling the goods



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TRANSPORT DEFINITION

MULTIMODAL TRANSPORT: General Concept is same as Combined Transport. It is different only the cargo handling during the journey. Multimodal Transport also serves door to door as Combined Transport



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MULTIMODAL CHARACTERISTICS

MULTIMODAL TRANSPORT COMPONENT:

1. International Transport
2. At least Two Modes of Transport
3. Performed by Multimodal Transport Operator
4. Single Contract/Single Document

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Advantage /Disadvantage of **UNIMODAL** Transport

ADVANTAGE

1. Able to provide door to door delivery as well
2. High efficient when serves Port to Port, Terminal to Terminal in term of cost and long haul

DISADVANTAGE

1. Unable to do door delivery when no physical linkage such as land transport
2. Several documents of each leg of transport when performing several modes of transport



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MULTIMODAL TRANSPORT ADVANTAGE

- **TRADER IS ABLE TO CONCENTRATE THEIR CORE BUSINESS**
- **DEALING WITH ONE OPERATOR**
- **DEALING WITH ONE SINGLE DOCUMENT**
- **MAKE JUST IN TIME**
- **COST SAVE**
- **TIME SAVE**
- **DOOR-TO-DOOR DELIVERY**

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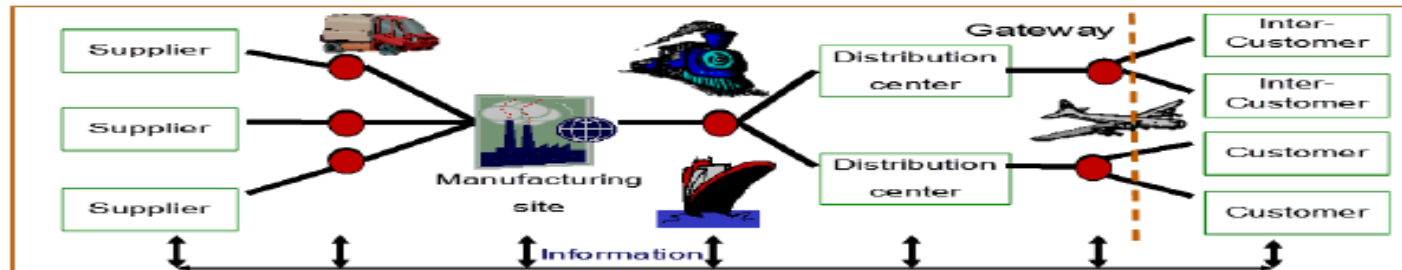
Multimodal Transportation

Definition:

Multimodal transport refers to a transport system operated by one carrier with more than one mode of transport under the control or ownership of one operator. It involves the use of more than one means of transport such as a combination of truck, railcar, airplane or ship in succession to each other e.g. a container line which operates both a ship and a rail system of double stack trains.

Source: UNESCAP , Multimodal Transport Operations

Diagram:



Advantages:

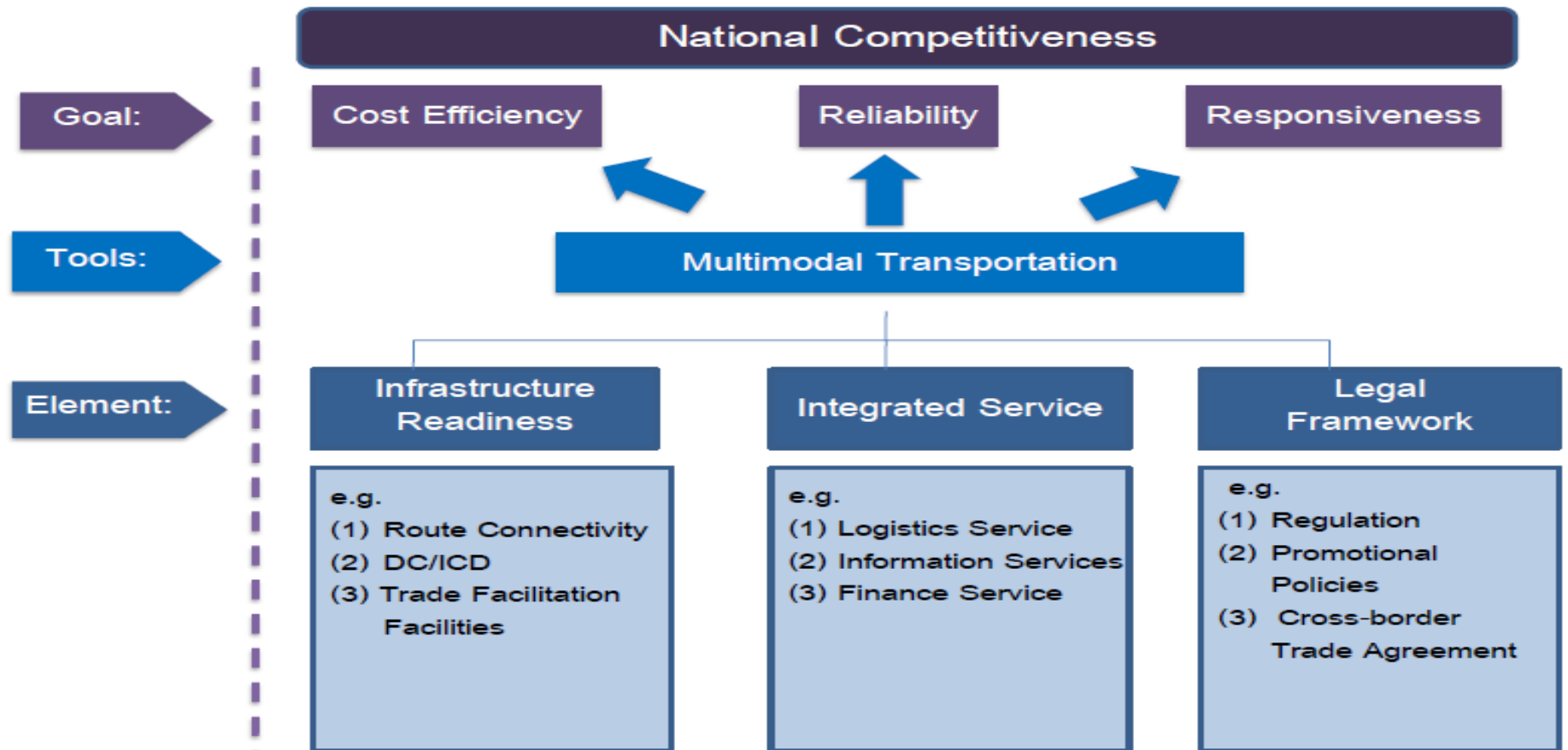
Save cost: The savings resulting from freight rates and therefore improve their competitive position in the international market

Reduce burden of documentation and formalities: The burden of issuing multiple documentation and other formalities connected with each segmented of the transport chain is reduced to a minimum

Establish only one agency to deal with : The consignor has to deal with only one operator relating to the settlement of claims for loss of goods, or damage to them, or delay in delivery at destination

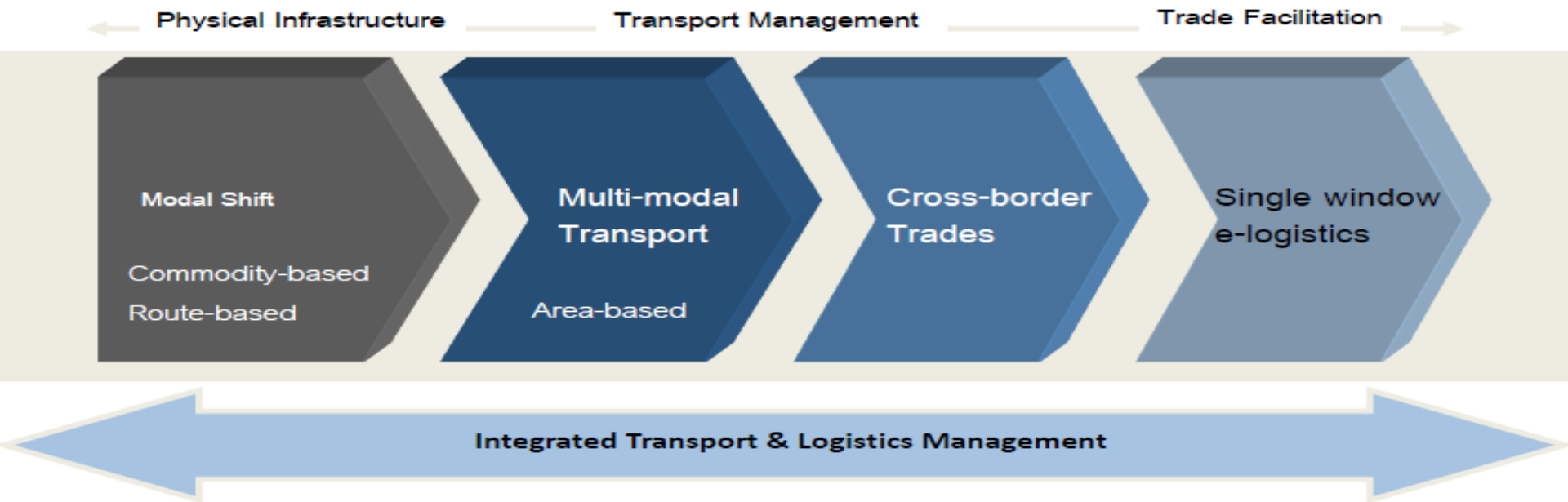
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Multimodal Transportation Framework



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Stage of Development for Multimodal Transportation





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CONCLUSION

Besides benefit for Private Business and Trade Facilitation, Multimodal Transport benefits to National Competitiveness



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MULTIMODAL TRANSPORT OPERATION & LAWS

CHAPTER TWO

THE PLAYERS IN TRANSPORT OPERATION



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THE PLAYER IN TRANSPORT OPERATION

COMMON CARRIER:

Public Carrier who transports the goods or people for any person or company and is responsible for loss/damage and delay in delivery.

Most Common Carriers are transporting the goods according to defined and published routes, time schedule and rate table, such as Airlines, Shipping Lines, Truck, Rail.



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THE PLAYER IN TRANSPORT OPERATION

COMMON CARRIER:

Not only serve loose cargo, containerized cargo, but also bulk cargo as conventional transport

Voyage Chartering or Contract of Affreightment to the ship owner is also considered as transportation by Common Carrier if he provides the service to general public, not limited customer.



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THE PLAYER IN TRANSPORT OPERATION

FREIGHT FORWARDER:

In generic definition Freight Forwarder performs its duty on behalf of Consignor or Consignee acting as “Agent” for customs formality, assisting to deal with Common Carriers such as hiring truck, booking vessel space, airline space to Move the goods from Origin to Destination



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THE PLAYER IN TRANSPORT OPERATION

FREIGHT FORWARDER SCOPE OF SERVICE:

1. Customs Broker including hiring truck for local delivery
2. International Forwarding by assisting Traders to deal with Common Carriers moving the goods internationally and invoice only his Service charge and Handling charges, not freight charges



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THE PLAYER IN TRANSPORT OPERATION

FREIGHT FORWARDER SCOPE OF SERVICE:

3. Transport Service Provider:

- Air Transport : become Agent of Airlines
- Sea Transport : becomes principal or carrier as NVOCC/OTI, taking responsibility as Common Carrier
- Truck Transport: international and Local service



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THE PLAYER IN TRANSPORT OPERATION

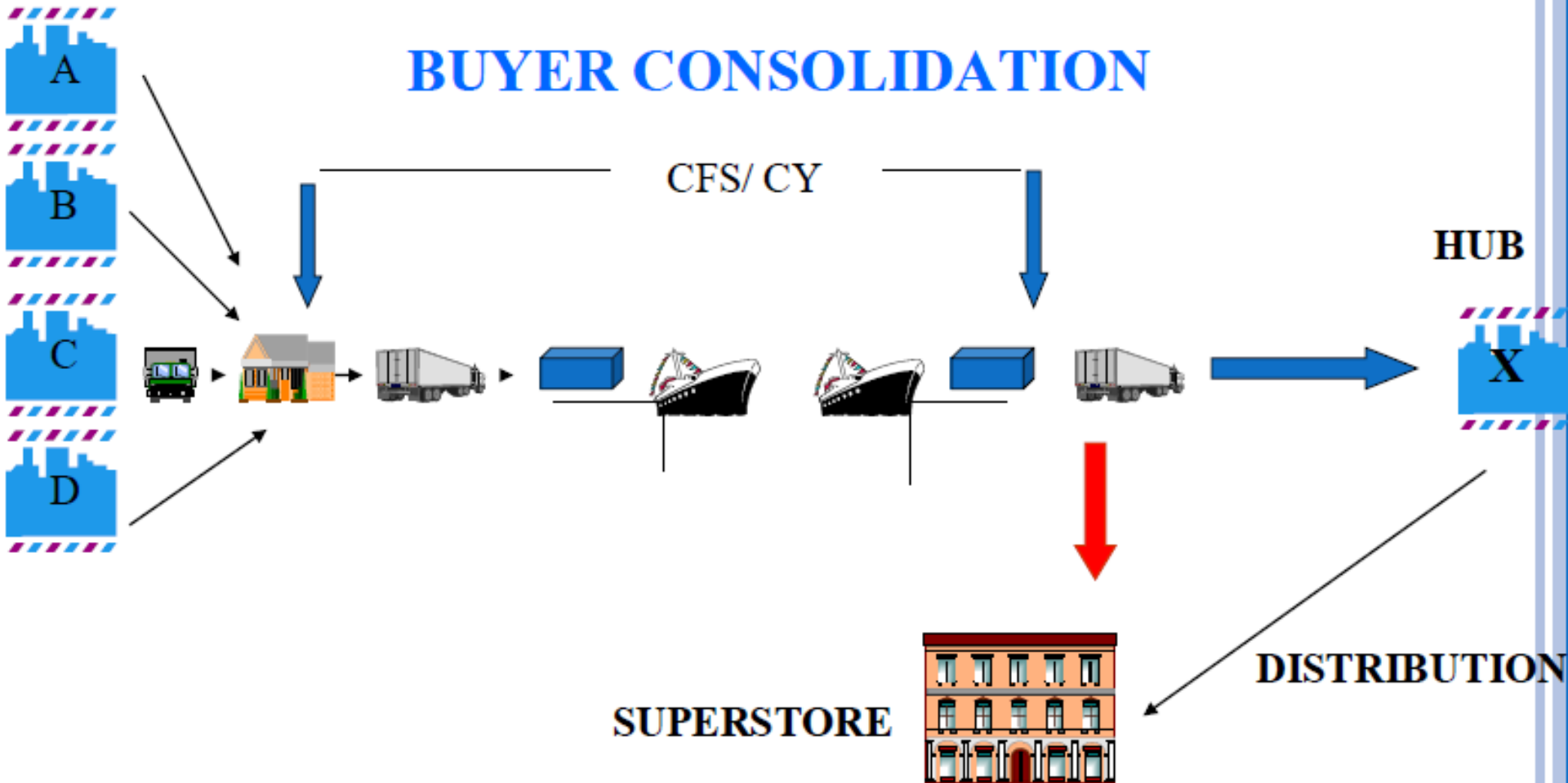
FREIGHT FORWARDER SCOPE OF SERVICE:

4. Auxiliary Services: Warehouse operation, Common Warehouse Operator, Packing Service

5. Cargo Consolidation:

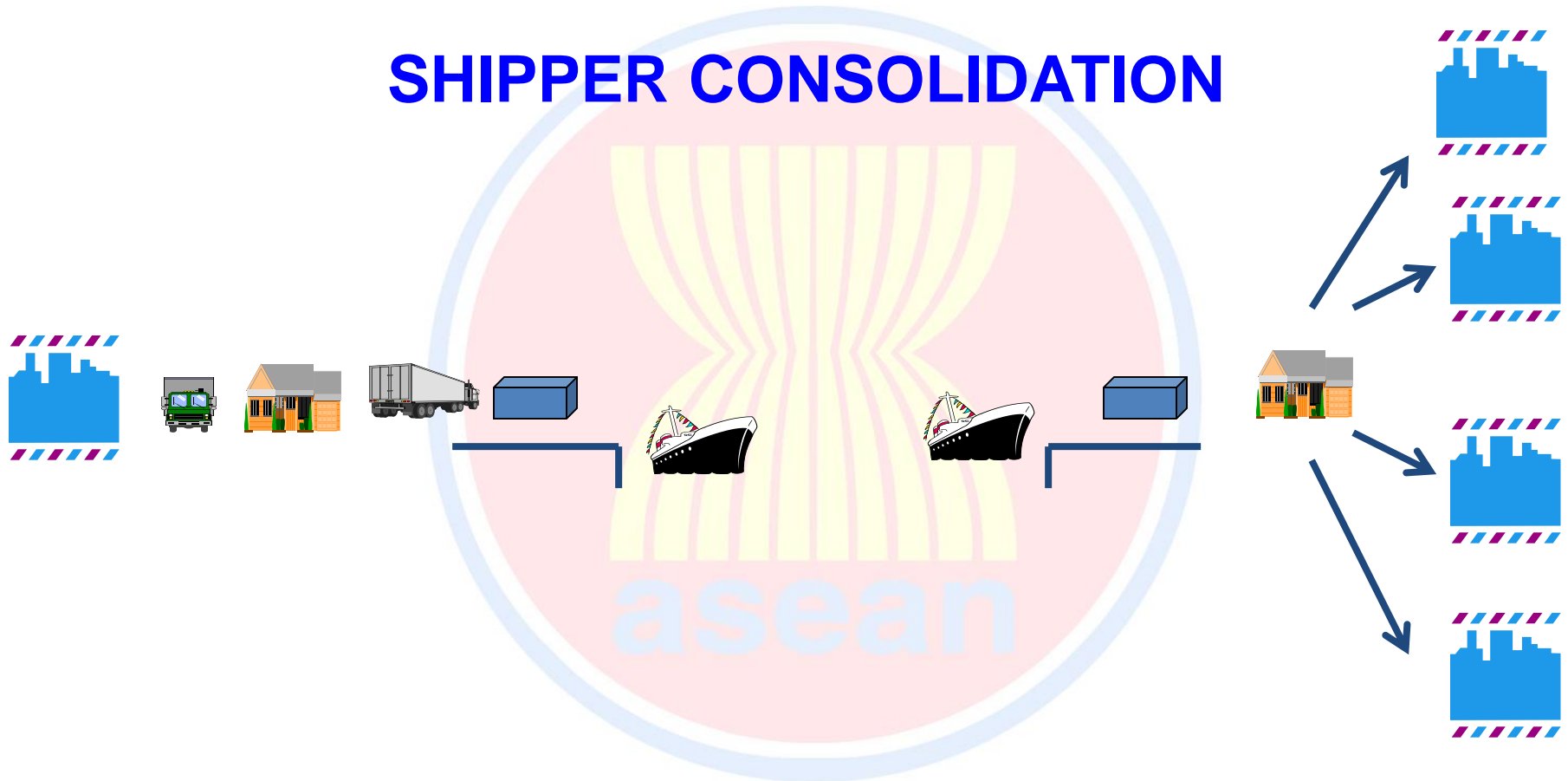
- a) provides LCL consolidation services acting as Carrier**
- b) performs Buyer Consolidation Service on behalf of Consignee**

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SHIPPER CONSOLIDATION





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THE PLAYER IN TRANSPORT OPERATION

FREIGHT FORWARDER SCOPE OF SERVICE:

5. Cargo Consolidation:

C) perform on behalf of Shipper making consolidation for various Consignees, acts as Principal or Carrier

6. Business Consultant:

Providing International business advice, FTA, Traditional practice



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THE PLAYER IN TRANSPORT OPERATION

FREIGHT FORWARDER SCOPE OF SERVICE:

7. Insurance:

In some countries, Forwarder is able to perform as Insurance broker, in some countries, assist Trader to find suitable insurance policy



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THE PLAYER IN TRANSPORT OPERATION

MULTIMODAL TRANSPORT OPERATOR:

Acts as Principal/Carrier who enters into the contract of carriage for the entire route of transport

NVO-MTO: a non vessel operating common carrier multimodal transport operator

VO-MTO : a vessel operating common carrier multimodal transport operator



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THE PLAYER IN TRANSPORT OPERATION

SUBCONTRACTOR OR AGENTS/PARTNERS OF MULTIMODAL TRANSPORT OPERATOR:

- Mid-way Subcontractor or Agent/Partner who performs transshipment procedure on behalf of Multimodal Transport Operator
- Destination Subcontractor or Agents/Partners who performs delivery at destination (including own branch offices)



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THE PLAYER IN TRANSPORT OPERATION

FACILITY OPERATORS AND AVAILABILITY OF EQUIPMENTS

CY OPERATOR : CONTAINER YARD OPERATOR

ICD : INLAND CONTAINER DEPOT

SEA PORT

AIR PORT/TERMINAL

TRUCK TERMINAL

CFS OPERATOR: CONTAINER FREIGHT STATION OPERATOR



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THE PLAYER IN TRANSPORT OPERATION

CUSTOMS HOUSE:

The important key player who facilitates smooth formality at the origin, transshipment, and destination.

In ASEAN, there is no consensus on the same pattern of customs transshipment procedure (leave to local regulations), but rather concentrate on the ASEAN Customs Transit System - ACTS



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THE PLAYER IN TRANSPORT OPERATION

CONSIGNOR, CONSIGNEE AND BANK

Consignor in ASEAN Context, is the party who concludes the multimodal transport contract with Multimodal Transport Operator even though in some cases, Consignee is the party who nominates Multimodal Transport Operator to perform transportation for his shipment



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THE PLAYER IN TRANSPORT OPERATION

CONSIGNOR, CONSIGNEE AND BANK

Consignee is the party who is entitled to receive the goods delivery.

Bank can be named in Bill of Lading as Consignee when L/C is issued and at the end of international trade, Bank will endorse Bill of Lading to Consignee when receiving payment



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THE PLAYER IN TRANSPORT OPERATION

CONSIGNOR, CONSIGNEE AND BANK

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THE PLAYER IN TRANSPORT OPERATION

CONCLUSION

It is important to understand the players and their roles in Transport Operation in order to understand their relationship and external supply chain

Now let's think who else is the player in Multimodal Transport Operation?



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**MULTIMODAL TRANSPORT
OPERATION & LAWS**

CHAPTER THREE

THE FORM OF MULTIMODAL TRANSPORT OPERATION



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THE FORM OF INTERMODAL AND MULTIMODAL TRANSPORT OPERATION

ROAD/SEA/ROAD

This particular form of transport can be used for both
Intermodal and Multimodal Transport

The different is based on concept of handling or without
handling the goods.



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THE FORM OF INTERMODAL AND MULTIMODAL TRANSPORT OPERATION

ROAD/SEA/ROAD

INTERMODAL TRANSPORT :

- Container on Chassis to Factory and return to the port.
- Drive in Prime movers into RO/RO
- Drive out Prime movers at destination

• Do you think this type of transportation is available?



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THE FORM OF INTERMODAL AND MULTIMODAL TRANSPORT OPERATION

ROAD/SEA/ROAD

MULTIMODAL MODAL TRANSPORT :

- Cargo was shifted from factory by truck to CFS and stuffed into container
- Container is laden on board
- After discharging, container is unpacked and delivered to consignee premise



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THE FORM OF INTERMODAL AND MULTIMODAL TRANSPORT OPERATION

ROAD/AIR/ROAD

INTERMODAL MODAL TRANSPORT :

- Very rare case to bring any vehicle or loading unit on board plane excepts special cargoes such as luxury vehicle.



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THE FORM OF INTERMODAL AND MULTIMODAL TRANSPORT OPERATION

ROAD/AIR/ROAD

MULTIMODAL MODAL TRANSPORT :

1. It is not Multimodal Transport: if airline receives cargoes as Unimodal transport with extra service such as inland truck to destination (Mode : AIR/ROAD)
2. It is Multimodal Transport: if MTO has intentionally enters into Multimodal Transport Contract (Mode: ROAD/AIR/ROAD)



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THE FORM OF INTERMODAL AND MULTIMODAL TRANSPORT OPERATION

ROAD/SEA/ROAD/AIR/ROAD

INTERMODAL TRANSPORT :

- **Very rare case to perform**



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THE FORM OF INTERMODAL AND MULTIMODAL TRANSPORT OPERATION

ROAD/SEA/ROAD/AIR/ROAD

MULTIMODAL TRANSPORT :

- Very normal cases for shipment SEA/AIR because Road Transport always gets involved with as one of leg transport from SEA mode to AIR mode and Pick up/Delivery operation



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THE FORM OF INTERMODAL AND MULTIMODAL TRANSPORT OPERATION

ROAD/INLAND WATERWAY/SEA/ROAD

INTERMODAL TRANSPORT : VERY RARE CASE

MULTIMODAL TRANSPORT:

**Container haulage to factory, return container onto Barge,
laden container on board mother vessel and final delivery by
road at destination. For example: Rubber from Thailand via
Penang to China**



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THE FORM OF INTERMODAL AND MULTIMODAL TRANSPORT OPERATION

ROAD/RAIL/SEA/ROAD

INTERMODAL TRANSPORT : In case special cargoes is stuffed into special equipment such as flat rack container. Container is carried by road, rail mode to sea port and laden on board until arrival at port of destination, then make delivery by road mode without handling the goods



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THE FORM OF INTERMODAL AND MULTIMODAL TRANSPORT OPERATION

ROAD/RAIL/SEA/ROAD

MULTIMODAL TRANSPORT : Using ICD where the goods is stuffed into container and use rail mode to port of origin for sea transport to final port of destination and continuing carriage by road transport to final destination



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THE FORM OF INTERMODAL AND MULTIMODAL TRANSPORT OPERATION

ROAD/RAIL/SEA/RAIL

INTERMODAL TRANSPORT : The transport may begin with road transport connecting with rail to sea port and at destination container has been delivered to rail ramp at destination such as Mini Land bridge in USA, or Mini Bridge in Eastern Europe



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THE FORM OF INTERMODAL AND MULTIMODAL TRANSPORT OPERATION

ROAD/RAIL/SEA/RAIL

MULTIMODAL TRANSPORT: It is in the same sense of operation but at some stage of transport chain, handling of the goods may incur.



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THE FORM OF INTERMODAL AND MULTIMODAL TRANSPORT OPERATION

RO/RO – ROLL ON/ROLL OFF

- In this context, RO/RO refers to Vessel transport for heavy or oversize or automobiles which sometime is called Pure Car Carrier – PCC
- PCC can be used as Intermodal transport by loading the vehicle where the goods in on, on board and carry to destination without handling the goods. Upon arrival, truck will deliver the goods.



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THE FORM OF INTERMODAL AND MULTIMODAL TRANSPORT OPERATION

PIGGYBACK :

Using concept of long haul /short haul (Rail/Road mode) which is popular in Europe. The goods are packed onto the trailer and the trailer is moved to rail flat car for final station, then truck will continue carry the goods to final destination



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THE FORM OF INTERMODAL AND MULTIMODAL TRANSPORT OPERATION

L.A.S.H.- Lighter aboard Ship:

This transportation is the combination between Sea Transport and Inland waterway transport.

Lighter will be used for loading the goods and it will be laden on the ship after returning from loading and stowing the goods where the ship cannot enter due to its size.



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THE FORM OF INTERMODAL AND MULTIMODAL TRANSPORT OPERATION

CONCLUSION

Intermodal and Multimodal Transport Operation can be performed in various forms but some forms are similar . It however, is subject to Factors to be determined before selecting such form of Transport Operation



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MULTIMODAL TRANSPORT OPERATION & LAWS

CHAPTER FOUR

Factors to be determined when performing Multimodal Transport Operation

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Factors to be determined when performing Multimodal Transport Operation

1. DOCUMENTS:

a) **Bill of Lading:** Common Carrier, Freight Forwarder and MTO issue

Function of Bill of Lading:

- Receipt of the Goods
- Contract of Carriage
- Document of Title
- Financial instrument



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Factors to be determined when performing Multimodal Transport Operation

1. DOCUMENTS:

b) Multimodal Transport Document in ASEAN Context shall contain following particulars:

- **General nature of the goods, Marks for identifying the goods, other statement such as Dangerous goods, perishable character, number of package and the gross weight including quantity**
- **The apparent condition of the goods**



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Factors to be determined when performing Multimodal Transport Operation

1. DOCUMENTS:

b) Multimodal Transport Document in ASEAN Context shall contain following particulars:

- The name and principal place of MTO
- The name of Consignor, Consignee
- Place of receipt and Date of taking in charge / Place of delivery

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Factors to be determined when performing Multimodal Transport Operation

1. DOCUMENTS:

b) Multimodal Transport Document in ASEAN Context shall contain following particulars:

- Date or Period of delivery at the place of delivery if expressly agreed upon between the parties
- Statement indicating MT Document is negotiable or non-negotiable
- Place and date of issue



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Factors to be determined when performing Multimodal Transport Operation

1. DOCUMENTS:

b) Multimodal Transport Document in ASEAN Context shall contain following particulars:

- **Signature of MTO or authorized person**
- **Freight of Each mode of transport including currency, if expressly agreed between the parties including the extent payable by consignee**

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Factors to be determined when performing Multimodal Transport Operation

1. DOCUMENTS:

b) Multimodal Transport Document in ASEAN Context shall contain following particulars:

- Intended journey route, modes of transport and places of transshipment if known
- Any other particulars which parties agree to insert if not inconsistent with local laws
- Absence by one or more of the above shall not affect as MT docs.



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Factors to be determined when performing Multimodal Transport Operation

1. DOCUMENTS:

b) Multimodal Transport Document : Important issues

*** Absence by one or more of the above shall not affect as
MT docs.**



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Factors to be determined when performing Multimodal Transport Operation

1. DOCUMENTS:

b) Multimodal Transport Document : **Important issues**

Article 6 : MT Doc is prima facie evidence of taking in charge by MTO of the goods as described in that documents, unless a contrary indication such as “shipper’s weight, load and count” or similar expression has been made in print text or superimposed on that document.

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Factors to be determined when performing Multimodal Transport Operation

1. DOCUMENTS:

b) Multimodal Transport Document : **Important issues**

Article 6 : Proof to the contrary shall not be admissible when MT doc has been transferred or the equivalent electronic data interchange message has been transmitted to and acknowledged by the consignee who in good faith has relied and acted thereon.



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Factors to be determined when performing Multimodal Transport Operation

1. DOCUMENTS:

c) FIATA Multimodal Transport Bill of Lading : FBL

- UCP 600 accepts FBL as Transport Documents and FBL has been accepted by Banks
- FBL is compatible with UNCTAD/ICC Rules
- Negotiable FBL and LOGO of freight forwarder appear on the front of BL

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Factors to be determined when performing Multimodal Transport Operation

1. DOCUMENTS:

c) FIATA Multimodal Transport Bill of Lading : FBL

- Copyrights are owned by FIATA and FIATA allows its members who is National Association to sell to its members
- FBL is able to be used for Unimodal Transport



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Factors to be determined when performing Multimodal Transport Operation

1. DOCUMENTS:

d) House Multimodal Transport bill of lading:

- International or Multinational Freight Forwarders may own their house bill of lading and use for unimodal and multimodal transport with worldwide single insurance policy.
- Some association may print MT Bill of Lading for its members such as Japan - JIFFA

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Factors to be determined when performing Multimodal Transport Operation

1. DOCUMENTS:

- e) Forwarder cargo receipt – FCR / Forwarder's Certificate of Receipt
- Function is only Receipt, not contract of carriage nor negotiable document or document of title
 - Most are used under FCA Term

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Factors to be determined when performing Multimodal Transport Operation

1. DOCUMENTS:

f) Sea Waybill / Air Waybill

- both are non-negotiable documents, it is only contract of carriage and receipt of the goods
- Able to use for Multimodal Transport if agreed between the parties (article 4 AFAMT)

What is different between SWB and B/L?



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Factors to be determined when performing Multimodal Transport Operation

2. DOCUMENTS FLOW AND OPERATION FLOW:

What is Shipper and Consignee knows about Transport

- Consignor hands over the goods, gets the Bill of Lading
- Consignor negotiates with Bank by relevant documents which are required by Letter of Credit including bill of lading



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Factors to be determined when performing Multimodal Transport Operation

2. DOCUMENTS FLOW AND OPERATION FLOW:

What is Shipper and Consignee knows about Transport:

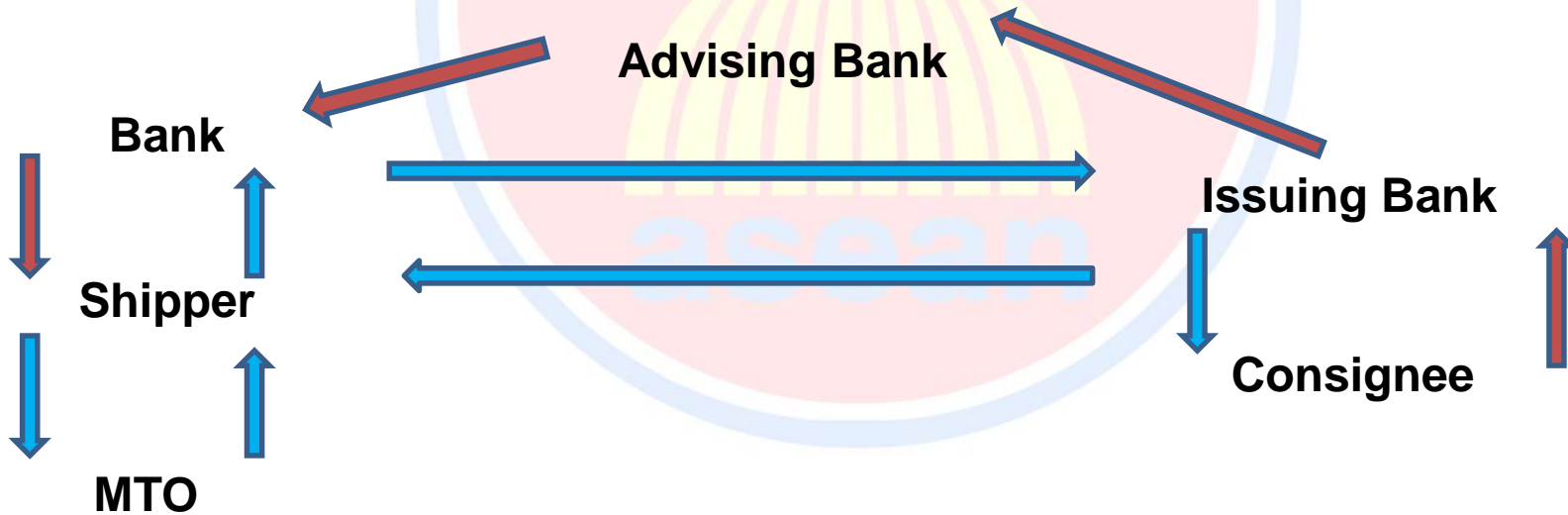
- Consignee pays the issuing Bank money and gets Shipping Documents for further clearance the goods

THAT'S ALL THEY KNOW – They do not care whenever shipment is on time.

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Factors to be determined when performing Multimodal Transport Operation

2. DOCUMENTS FLOW AND OPERATION FLOW:





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Factors to be determined when performing Multimodal Transport Operation

2. DOCUMENTS FLOW AND OPERATION FLOW: **Case study**

- T shirt manufacturer received order and committed to deliver order within Three months from Thailand to Rotterdam **under term CFR Rotterdam.**
- Lead time of Production is 60 days and Lead time for Transportation is 30 days as original planned
- Supply chain is broken, some materials come later than schedule and it extends production time another 10 days.

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Factors to be determined when performing Multimodal Transport Operation

2. DOCUMENTS FLOW AND OPERATION FLOW: **Case study**

- Therefore, Lead time of Transportation left is 20 days
- **WHAT SHOULD T SHIRT MANUFACTURER DO ??**

AIR TRANSPORT is COSTLY

SEA TRANSPORT is not possible since it takes 24 days

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Factors to be determined when performing Multimodal Transport Operation

2. DOCUMENTS FLOW AND OPERATION FLOW: **Case study**

MTO is called for service which he is able to guarantee delivery can be done within 20 days.

PLAN: Routing of transport, networking, operation and document flow with lowest cost possible.



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Factors to be determined when performing Multimodal Transport Operation

2. DOCUMENTS FLOW AND OPERATION FLOW: Case study

MTO Decision : Sea Shipment to Dubai and Air Shipment to Schiphol airport instead of delivery at Rotterdam seaport

Leave negotiation between Shipper and Consignee for destination place.



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Factors to be determined when performing Multimodal Transport Operation

2. DOCUMENTS FLOW AND OPERATION FLOW: **Case study**

Unseen by Shipper/Consignee – related transport documents which MTO has got involved with are:

- Ocean Bill of Lading
- Truck waybill or consignment note
- Air waybill



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Factors to be determined when performing Multimodal Transport Operation

2. DOCUMENTS FLOW AND OPERATION FLOW: **Case study**

Parties who get involved by this operation

Customer

Carrier

Agent of MTO

Customs



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Factors to be determined when performing Multimodal Transport Operation

3. LIABILITY INSURANCE

Article 30 (c) AFAMT: MTO shall have an insurance policy or alternative financial character to cover payment of obligation for loss, damage or delay in delivery of goods.

VO-MTO may use Protection and Indemnity Club (P&I Club) as insurance

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Factors to be determined when performing Multimodal Transport Operation

3. LIABILITY INSURANCE

Limitation of Liability :

- Any loss and damage : 666.67 SDR per package or 2 SDR per kilogram

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Factors to be determined when performing Multimodal Transport Operation

3. LIABILITY INSURANCE

Insurance coverage amount ?? AFAMT do not indicate

THAILAND CASE:

- a) NVO-MTO – acts as Individual Principal 2 Million Baht
- b) NVO-MTO – acts as Principal & Agent 3 Million Baht
- c) NVO-MTO – acts as Principal & Agent under group liability insurance 5 Million Baht

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Factors to be determined when performing Multimodal Transport Operation

4. REGISTRATION, RULES AND REGULATIONS

AFAMT: article 29, 30

- a) MTO must register with competent national body in home country
- b) He shall have domicile where he applies
- c) He shall possess the legal capacity as required by the provision where he applies



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Factors to be determined when performing Multimodal Transport Operation

4. REGISTRATION, RULES AND REGULATIONS

AFAMT: article 29, 30

- d) He shall have an insurance policy or P&I club or alternative financial character
- e) He shall have registered capital at 80,000 SDR
- f) He shall maintain minimum asset at 80,000 SRD at all time during operate Multimodal Transport



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Factors to be determined when performing Multimodal Transport Operation

4. REGISTRATION, RULES AND REGULATIONS

**Validity of registration is not fixed by AFAMT and subject to
Member states. Thailand case 5 years**

**Some local rules may be set out by national competent
authorities as shown in CASE STUDY**



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Factors to be determined when performing Multimodal Transport Operation

4. REGISTRATION, RULES AND REGULATIONS

CASE STUDY : Thailand Case

Changing in main issues or essence of MTO registration such as Company name, Address, registered capital, MTO must notify Registry Office within Seven Days. Failure to notify is subject to fine 50,000 Baht



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Factors to be determined when performing Multimodal Transport Operation

4. REGISTRATION, RULES AND REGULATIONS

CASE STUDY : Thailand Case - Type of MTOs

1. Thai Registered Company
2. Foreign Registered Company of whose country Thailand has agreement with such as ASEAN
3. Foreign Registered Company in General



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Factors to be determined when performing Multimodal Transport Operation

5. REGULATION AND RULES WHEN PERFORMING OPERATION

CUSTOMS RULES: it surely that customs rules and regulation of each member states in ASEAN are different
For example: Thailand Case – MTO who wishes to shift mode from SEA to AIR, he has to request Shipping Line or Captain to sign Transshipment Document and submit to customs. “What will happen if they do not sign”.

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Factors to be determined when performing Multimodal Transport Operation

5. REGULATION AND RULES WHEN PERFORMING OPERATION

Case Study

Singapore: Only registered as Forwarder, cargo agents can submit Transshipment permit application if the shipment is covered by Through B/L or Airwaybill.

Thailand : Shipping line/ Airline can sign Transshipment Permit before customs broker submit to customs.



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Factors to be determined when performing Multimodal Transport Operation

5. REGULATION AND RULES WHEN PERFORMING OPERATION

CARRIER RULES: such as Shipping Lines may not allow to move the containers across the border from the country where containers are landed

Example: Moving the container from Japan via Laem Chabang, Thailand to beyond city limit of Poi Pet Cambodia.



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Factors to be determined when performing Multimodal Transport Operation

6. Customs Operating time / Border Post Operating time

ASEAN has concepts of 24 x7 for important cross border posts.

Thailand/ Lao PDR may have different rest time such as lunch, and working hour and that may create delay in moving the goods to connect with other mode of transport.



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Factors to be determined when performing Multimodal Transport Operation

7. Align with UCP 600

FBL stipulates that Freight Forwarder means the Multimodal Transport Operator who issues this FBL and is named on the face of it and assume liability for the performance of the multimodal transport contract as a carrier.

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Factors to be determined when performing Multimodal Transport Operation

7. Align with UCP 600 article 19

A transport document covering at least two different modes of transport (multimodal or combined transport document), however named, must appear to:

- i. indicate **the name of the carrier and be signed by:**
 - **the carrier** or a named agent for or on behalf of the carrier, or
 - the master or a named agent for or on behalf of the master.



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Factors to be determined when performing Multimodal Transport Operation

8. Selection of the Transport Route

- A) Availability of Common Carrier in designated planning of transport route
- B) Hub and Connecting point
- C) Current Situation at Transshipment Port
- D) Infrastructure at Transshipment place and connecting point such as ICD, Free Zone



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Factors to be determined when performing Multimodal Transport Operation

8. Selection of the Transport Route

E) Safety and Security

F) Cargo Handling Capability

G) Restriction of Infrastructure

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Factors to be determined when performing Multimodal Transport Operation

9. Network of Multimodal Transport Operator

- A) Own networks – branches and offices
- B) Agents / Partners in the same group of network
- C) Agents / Partner in different group of network

Possible problem may incur when cross networking is using



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Factors to be determined when performing Multimodal Transport Operation

10. Cost and Competition

The cost centre in the own group of MTO is more efficient than the group of Agents/Partners networking or the group of Crossing network which perform in the way of Profit Centre



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Factors to be determined when performing Multimodal Transport Operation

11. The INCOTERM

Only Four terms that are used for Ocean Transport and the rest can be used for Multimodal Transport

MTO should make sure that Traders have well understanding about the INCOTERM, otherwise the argument of some cost between Seller and Buyer will become MTO's cost



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Factors to be determined when performing Multimodal Transport Operation

11. The INCOTERM

Is this correct INCOTERM?

CFR Jaipur India Incoterm 2010



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Factors to be determined when performing Multimodal Transport Operation

12. Combination of Multimodal Transport , Goods in transit and inter-state transport

- MTO has clear status
- Cross border Transport Operator has two status:
 - a) License Truck Operator
 - b) Principal or ATT

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Factors to be determined when performing Multimodal Transport Operation

12. Combination of Multimodal Transport , Goods in transit and inter-state transport - CASE STUDY

- a) **Batam Industrial Park Shipper wishes to send his goods to Dagon 2 in Yangon, Myanmar. He can use SEA/SEA mode if he controls transportation but shipment is FCA**
- b) **Consignee prefers to use Multimodal Transport via Singapore, Malaysia and Thailand to Myanmar due to some reasons such as customs procedure, transit time .**

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Factors to be determined when performing Multimodal Transport Operation

12. Combination of Multimodal Transport , Goods in transit and inter-state transport - CASE STUDY

c) Possible mode of transport is:

Ferry from Batam to Singapore

Truck from Singapore to Yangon

d) Players involve:

Myanmar MTO, Indonesia MTO and Singapore MTO

In Transit Truck Operator

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Factors to be determined when performing Multimodal Transport Operation

12. Combination of Multimodal Transport , Goods in transit and inter-state transport - CASE STUDY

- MTO Indonesia use Ferry to Singapore and request his agent, MT Singapore to handle trucking to Yangon.
- MTO Singapore has no truck license of intransit transport, then he has to hire Licensed Truck Operator
- MTO Indonesia acts as Carrier for MT operation
- MTO Singapore acts as subcontractor of MTO Indonesia but also as Principal in intransit transport of AFAGIT

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Factors to be determined when performing Multimodal Transport Operation

12. Combination of Multimodal Transport , Goods in transit and inter-state transport - CASE STUDY

- Licensed Truck Operator acts as Common Carrier after the Ferry

Key word : truck running from Singapore using ACTS, MTO Singapore is not necessary to appoint MTO Malaysia and Thailand, as Truck Driver will submit one single document to each customs point when he get reached and passed through.



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Factors to be determined when performing Multimodal Transport Operation

12. Combination of Multimodal Transport , Goods in transit and inter-state transport - CASE STUDY

**Key word : Consignee has to pay all freight charges to MTO
Myanmar, however the party who enters into Contract of
MT is Consignor.**

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Factors to be determined when performing Multimodal Transport Operation

12. Combination of Multimodal Transport , Goods in transit and inter-state transport - CASE STUDY

Key word :

MTO Singapore is responsible for all Customs Debts along the transport corridors where his guarantor must have office, branch or agent there.

Licensed Truck shall responsible according to their standard trading condition or local applicable laws.

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Factors to be determined when performing Multimodal Transport Operation

13. Alternative Transport and Time/Cost Module

When MTO defines route of transport, he may find many alternatives and window/gateway of transport

MTO must also realise that each alternative may cost differently and time consume is also different

Best solution : What is customer need / requirement

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Factors to be determined when performing Multimodal Transport Operation

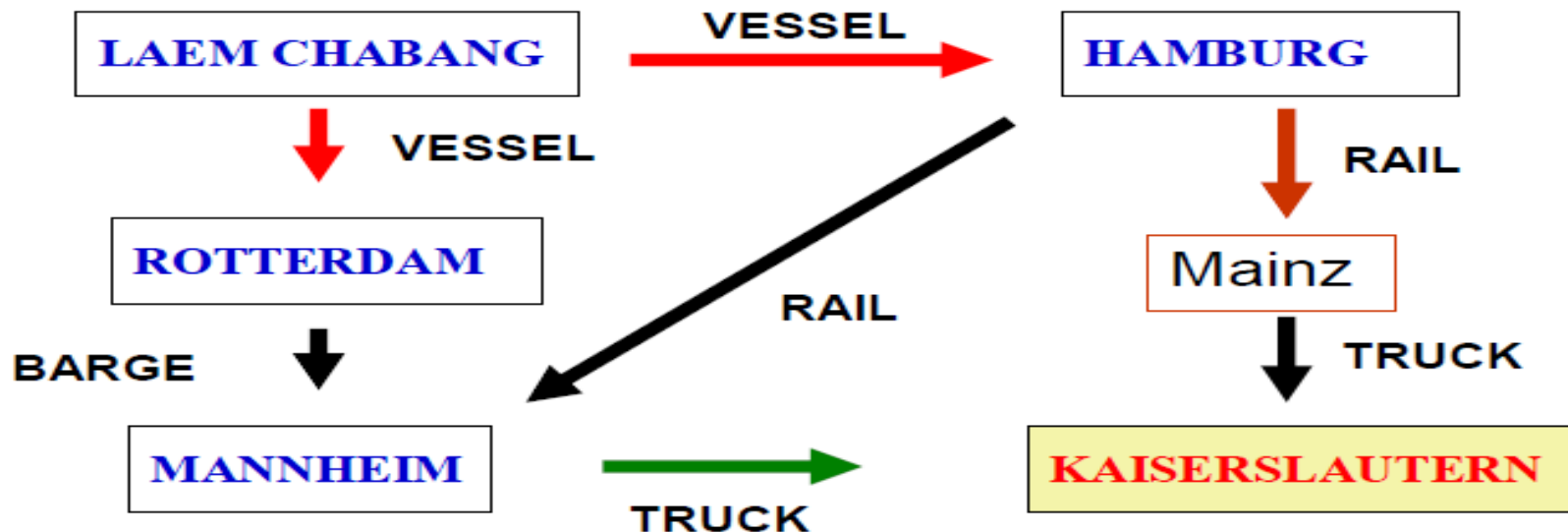
13. Alternative Transport and Time/Cost Module – CASE STUDY : Shipment ex Laem Chabang, Thailand to Kaiserslautern, Germany

1. Laem Chabang – Rotterdam – Mannheim – Kaiserslautern
2. Laem Chabang – Hamburg – Mannheim – Kaiserslautern
3. Laem Chabang – Hamburg – Mainz – Kaiserslautern

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ALTERNATIVES

Laem Chabang to Hamburg 25-27 days plus 2 days for inland



Laem Chabang to Rotterdam 21-25 days + Barge 4 days + Truck 1 day.

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Factors to be determined when performing Multimodal Transport Operation

14. Equipments to be used

Container type:

- 20' CONTAINER
- 40' CONTAINER
- 40' HIGH CUBE CONTAINER
- 45' CONTAINER



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Factors to be determined when performing Multimodal Transport Operation

Equipments :

- REEFER
- TANK CONTAINER
- FLAT RACK
- OPEN TOP
- PLATFORM
- BULK CONTAINER





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Factors to be determined when performing Multimodal Transport Operation

15. Cost Calculation

Sea - FCL = Box Rate / LCL = Revenue Ton

Air - Chargeable Weight

Truck - FTL = One Unit rate / LTL = Revenue Ton

Prime Mover = One Unit rate

Rail = Box Rate for container / Freight Ton for LCL and
Wagon rate



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Factors to be determined when performing Multimodal Transport Operation

15. Cost Calculation

Port Charge: Wharfage, Port storage

Terminal Charge: Wharfage, Terminal Storage

Document fee

Handling Charge

Special Equipment hire

Other Inland Transport charge, barge, coaster liner



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Factors to be determined when performing Multimodal Transport Operation

15. Cost Calculation

Stuffing / Unstuffing charge and Loading / Unloading
Terminal Handling Charge
Customs Clearance Charge
Duty & Tax (awareness of H.S.Code and declaration)
Other Transport Surcharges;
BAF, CAF, FAF, YAS, AMS, ENS, AFR, WAR risk,
demurrage/detention etc.



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Factors to be determined when performing Multimodal Transport Operation

16. Carrier Selection

Based on the Nature of the Goods and route of transport

Bulk, Container, RO/RO, Project cargo

Non-schedule and schedule Carrier in transport corridor



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Factors to be determined when performing Multimodal Transport Operation

17. The Nature of the Goods

General Cargo in several forms

Dangerous Cargo maybe rejected by carriers

Perishable Goods

Packing is one of factor to consider such as condensate in container may damage the goods, lengthy escalator



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Factors to be determined when performing Multimodal Transport Operation

18. Unseen Risk Factors

Riot, Strike, Port Congestion, Backlog of Common Carriers,
Politics critical, Wars.

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Factors to be determined when performing Multimodal Transport Operation

18. Unseen Risk Factors

CASE STUDY: Shipper is facing:

Back log of Sea carrier – take another two weeks to get space with uncertainty and priority

Back log of Airline – take another one weeks to get space

Decision to make Multimodal Transport - should be able to arrive within 16 days

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Factors to be determined when performing Multimodal Transport Operation

18. Unseen Risk Factors

CASE STUDY: Shipper decides to arrange MT

Back log at Dubai - container was stuck one week at port and wait another two weeks before getting airfreight space but shipment has to be separated as still back log situation in air transport.

Total transit time becomes 6 weeks

Shipper pay higher cost with bad result.



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Factors to be determined when performing Multimodal Transport Operation

19. MTO Company Capability

The knowledge sharing in the company and number of capable staff who understands and aware of factors that need to carefully consider and is able to handle requirement.

Understanding INCOTERM



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Factors to be determined when performing Multimodal Transport Operation

CONCLUSION

Multimodal Transport Operator shall carefully determine the relevant factors before performing Multimodal Transport Operation, otherwise a catastrophe can be happened



Japan-ASEAN Cooperation



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MULTIMODAL TRANSPORT OPERATION & LAWS

CHAPTER FIVE

IMPLEMENTING MULTIMODAL TRANSPORT



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IMPLEMENTING MULTIMODAL TRANSPORT OPERATION

SEA/AIR MODE / LCL CASE

Operation Stages:

1. Knowing the details of Commodity
name, nature, weight, dimension, SDS (If DG)
2. Define the route of transport and mode of transport
3. Making an inquiry to Agents/Partners
4. Calculating all cost concerned
5. Making quotation to Traders



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IMPLEMENTING MULTIMODAL TRANSPORT OPERATION

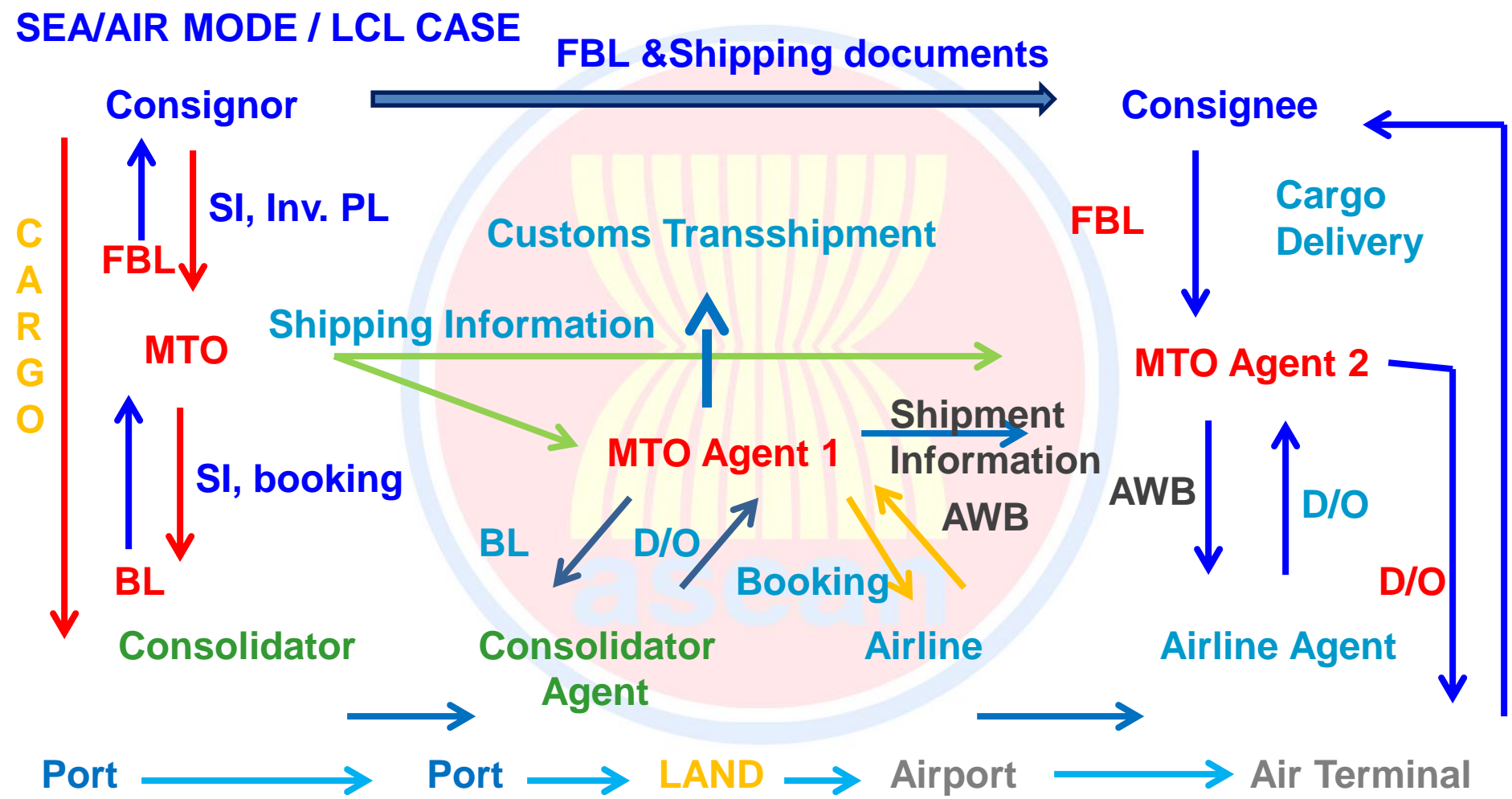
SEA/AIR MODE / LCL CASE

Planning Stage:

6. Operation Concepts

7. Liaison with Partners/Agents during journey

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IMPLEMENTING MULTIMODAL TRANSPORT OPERATION

SEA/AIR MODE / LCL CASE

RISK in DDP term:

- Wrong H.S. Code creates huge penalty
- Who should determine H.S. Code between Consignee and MTO



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IMPLEMENTING MULTIMODAL TRANSPORT OPERATION

CONCLUSION

Trainer shall provide a case in other types of cargoes (FCL) and different mode of transport to Learner and see if they could determine necessary factors to implement multimodal transport operation in order.



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**MULTIMODAL TRANSPORT
OPERATION & LAWS**

CHAPTER SIX

**ASEAN Framework Agreement
on
Multimodal Transport**



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Structure of ASEAN Framework Agreement

Comprises of 11 Chapters

1. Definitions (Art. 1)
2. Scope of Application (Art. 2-3)
3. Multimodal Transport Document (Art. 4-6)
4. Liability of the Multimodal Transport Operator (Art.7-13)
5. Limitation of Liability of the Multimodal Transport Operator (Art. 14-20)
6. Liability of the Consignor (Art. 21)



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Structure of ASEAN Framework Agreement

Comprises of 11 Chapters

7. Notices, Claims, Actions and Time-Bar (Art. 22-24)
8. Jurisdiction and Competence (Art. 25-28)
9. Multimodal Transport Operators (Art. 29-32)
10. Miscellaneous Provisions (Art. 33-35)
11. Final Provisions (Art. 36-42)



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Multimodal Transport as a Means of International Transport

Definition of “International multimodal transport” (Art. 1)

"International multimodal transport" means the carriage of goods by at least two different modes of transport on the basis of a multimodal transport contract from a place in one country at which the goods are taken in charge by the multimodal transport operator to a place designated for delivery situated in a different country. The operations of pick-up and delivery of goods carried out in the performance of a unimodal transport contract, as defined in such contract, shall not be considered as international multimodal transport.



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Multimodal Transport as a Means of International Transport (cont.)

Questions:

1. Does it include carriage of passenger and luggage?
2. Why it is international?
3. Two different means or modes ?
4. What are the criteria for determining the operations of pick-up and delivery of goods performed under a unimodal transport contract which are not regarded as international multimodal transport?
5. Is it correct that “combined transport”, “intermodal transport” and “through transport” are the synonym of multimodal transport?



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Multimodal Transport Contract

Definition of “Multimodal transport contract (Art. 1)

"Multimodal transport contract" means a contract whereby a multimodal transport operator undertakes, against payment of freight, to perform or to procure the performance of international multimodal transport.

Questions:

1. How a multimodal transport contract is concluded?
2. Is a multimodal transport contract without freight valid?

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Multimodal Transport Document

Definition of “Multimodal transport document (Art. 1)

“Multimodal transport document” means a document which evidences a multimodal transport contract, the taking in charge of the goods by the multimodal transport operator, and an undertaking by him to deliver the goods in accordance with the terms of that contract.

Questions:

1. Is it the same of “multimodal transport contract” ?
2. Is it different from “combined transport B/L”, “multimodal transport B/L” and “through transport B/L”?



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Multimodal Transport Operator

Definition of “Multimodal transport operator (Art. 1)

"Multimodal transport operator" means any person who, on his own behalf or through another person acting on his behalf, concludes a multimodal transport contract and who acts as a principal, not as an agent of or on behalf of the consignor or of the carriers participating in the multimodal transport operations, and who assumes responsibility for the performance of the contract.

Questions:

1. Who is the MTO if A issued a MT B/L on behalf of B?
2. A or B or both are to be liable?



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MTO as Carrier

Definition of “Carrier” (Art. 1)

"Carrier" means the person who performs or undertakes to perform the carriage, or part thereof, whether he is identical with the multimodal transport operator or not.

Questions:

1. Can MTO be NVOMTO or VOMTO?
2. When is MTO identical with the carrier?
3. What are the position of the carrier and MTO when both issued similar multimodal transport B/Ls?



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Duty of the Consignor

1. To declare all particulars relating to the general nature of the goods, their marks, numbers, weight, volume, quantity and the dangerous character of the goods to MTO.
2. To mark or label dangerous goods in accordance with international conventions or any national legislation.
3. When the consignor hands over dangerous goods to MTO or any person acting on his behalf, the consignor shall inform him of the dangerous character of the good and the precautions to be taken.



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Liability of the Consignor

The consignor is held liable for:

1. Any loss resulting from inaccuracies or inadequacies of the particulars relating to general nature of the goods, their marks, number, weight, volume and quantity and the dangerous character of the goods for insertion in the multimodal transport document.
2. If the consignor fails to inform MTO of the dangerous character of the goods, the consignor shall be liable to MTO for all loss resulting from the shipment of such goods.

Question:

Is it implied that the consignor guarantees the accuracy of particulars?

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Period of Responsibility of MTO

From “taken in charge” to “delivery”
(like the two frontiers of liability)

"Taken in charge", "Taken the goods in his charge" or "Taking in charge" means that the goods have been handed over to and accepted for carriage by the multimodal transport operator. (Art.1)

Questions:

1. Is it necessary that the goods are to be directly handed over to MTO?
2. What should MTO do if the goods are received in bad condition or MTO has reasonable ground to suspect the condition of the goods received?



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Period of Responsibility of MTO (cont.)

"Deliver", "Delivered" or "Delivery" means

- a. The handing over of the goods to the consignee, or
- b. The placing of the goods at the disposal of the consignee in accordance with the multimodal transport contract or with the law or usage of the particular trade applicable at the place of delivery, or
- c. The handing over of the goods to an authority or other third party to whom, pursuant to the law or regulations applicable at the place of delivery, the goods must be handed over. (Art. 1)

Question: How is the period of responsibility important?



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Liability of MTO

1. The Principle of Presumed Fault:

The multimodal transport operator shall be liable for loss resulting from loss of or damage to the goods, as well as loss resulting from delay in delivery, if the occurrence which caused the loss, damage or delay in delivery took place while the goods were in his charge as defined in Article 7, unless the multimodal transport operator proves that he, his servants or agents or any other person referred to in Article 8 took all measures that could reasonably be required to avoid the occurrence and its consequences. (Art. 10)

Question: What is to be proved under this Article 10 and by who?

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Liability of MTO (cont.)

2. Vicarious liability:

The multimodal transport operator shall be responsible for the acts and omissions of his servants or agents, when any such servant or agent is acting within the scope of his employment, or of any other person of whose services he makes use for the performance of the contract, as if such acts and omissions were his own. (Art. 8)

Questions:

1. Who is at fault?
2. Why is the concept of vicarious liability necessary for multimodal transport?

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Liability of MTO (cont.)

3. Himalaya (Art. 24)

1. The provisions in this Agreement shall apply to all claims against the multimodal transport operator relating to the performance of the multimodal transport contract, whether the claim be founded in contract or in tort.
2. Similarly, they shall apply whenever claims relating to the performance of the multimodal transport contract are made against any servant, agent or other person whose services the multimodal transport operator has used in order to perform the multimodal transport contract, whether such claims are founded in contract or in tort, and the aggregate liability of the multimodal transport operator and such servants, agents or other persons shall not exceed the limits in Articles 14 to 19.

Question: What is Himalaya concept and who will get the benefits of Himalaya?

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Exclusions of Liability of MTO

MTO shall not be liable for loss, damage or delay in delivery with respect to goods carried if he proves that such loss, damage or delay occurred during that carriage is one or more of the following circumstances:

- a. force majeure;
- b. Act or neglect of the consignor, the consignee or his representative or agent;

Questions:

1. Who has burden of proof?
2. What is force majeure and how it is different from Act of God?

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Exclusions of Liability of MTO (cont.)

- c. Insufficient or defective packaging, marking, or numbering of the goods;
- d. Handling, loading, unloading, stowage of the goods effected by the consignor, the consignee or his representative or agent;
- e. Inherent or latent defect in the goods;
- f. Strikes or lockouts or stoppage or restraint of labour from whatever cause, whether partial or general;

Question:

Can MTO escape liability in case of his employees' strike or the defective packing, marking or numbering of goods were carried out by his employees?



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Exclusions of Liability of MTO (cont.)

- g. With respect to goods carried by sea or inland waterways, when such loss, damage, or delay during such carriage has been caused by:
- (i) act, neglect, or default of the master, mariner, pilot or the servant of the carrier in the navigation or in the management of ship, or
 - (ii) fire unless caused by the actual fault or privity of the carrier.

However, always provided that whenever loss or damage has resulted from unseaworthiness of the ship, the multimodal transport operator can prove that due diligence has been exercised to make the ship seaworthy at the commencement of the voyage.

Question: Is this exclusion g. applicable to the multimodal transport not involving sea or inland waterway and how seaworthiness of ship is important ?



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Delay & Immunity of MTO & Constructive Total Loss

The multimodal transport operator shall not be liable for loss following from delay in delivery unless the consignor has made a declaration of interest in timely delivery which has been accepted by the multimodal transport operator. (Art. 10.2)

Delay in delivery occurs when the goods have not been delivered within the time expressly agreed upon or, in the absence of such agreement, within the time which it would be reasonable to require of a diligent multimodal transport operator, having regard to the circumstances of the case. (Art. 11.1)

If the goods have not been delivered within ninety consecutive days following the date of delivery determined in accordance with the preceding paragraph, any person entitled to claim the goods may, in the absence of evidence to the contrary, treat the goods as lost. (Art. 11.2)



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Limitations of Liability of MTO

Localized damage (as the network of limitation)

When the loss of or damage to the goods occurred during one particular stage of the multimodal transport, in respect of which an applicable international convention or mandatory law would have provided another limit of liability if a separate contract of carriage had been made for that particular stage of transport, then the limit of the multimodal transport operator's liability for such loss or damage shall be determined by reference to the provisions of such convention or mandatory law. (Art. 17)

Questions:

1. Does the concept of localized damage apply for claim for delay?
2. What are the difficulties in determining the applicable limitation in case of localized damage?



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Limitations of Liability of MTO (cont.)

Loss of or Damage to Goods

- 666.67 SDR per package or unit or 2.00 SDR per kilogram of gross weight of the goods lost or damaged, whichever is the higher (Art. 14)
- If the multimodal transport does not, according to the contract, include carriage of goods by sea or by inland waterways, the liability of the multimodal transport operator shall be limited to an amount not exceeding 8.33 SDR per kilogram of gross weight of the goods lost or damaged. (Art. 16)

Question: How can we determine the applicable limitation in case of non-localized damage?



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Limitation of Liability for delay & aggregate limit

- If the multimodal transport operator is liable in respect of loss following from delay in delivery, or consequential loss or damage other than loss of or damage to the goods, his liability shall be limited to an amount not exceeding the equivalent of the freight under the multimodal transport contract for the multimodal transport (Art. 18)
- The aggregate liability of the multimodal transport operator shall not exceed the limits of liability for total loss of the goods (Art. 19)

Question: What is the condition precedent to liability of MTO for delay in delivery?



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Loss of right to limit liability

- The multimodal transport operator is not entitled to the benefit of the limitation of liability if it is proved that the loss, damage or delay in delivery resulted from a personal act or omission of the multimodal transport operator done with the intent to cause such loss, damage or delay or recklessly and with knowledge that such loss, damage or delay would probably result (Art. 20)
- The nature and value of the goods have been declared by the consignor before the goods have been taken in charge by the multimodal transport operator and inserted in the multimodal transport document (Art. 14)
- MTO agrees to increase a higher limitation .(Art. 27.3)

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Notices of Claims

- 1. Assumption of law:** Unless notice of loss of or damage to the goods, specifying the general nature of such loss or damage, is given in writing by the consignee to the multimodal transport operator when the goods were handed over to the consignee, such handing-over is *prima facie* evidence of the delivery by the multimodal transport operator of the goods as described in the multimodal transport document. (Art. 22.1)
- 2. Concealed damage:** Where the loss or damage is not apparent, the same *prima facie* effect shall apply if notice in writing is not given within six consecutive days after the day when the goods were handed over to the consignee. (Art. 22.2)

Question : What are the effects of the consignee's notice in writing?



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Nine-Month Time-Bar

Art. 23 : Unless otherwise expressly agreed, any action relating to multimodal transport under this Agreement shall be time-barred unless court or arbitration proceedings are instituted within a period of nine months after the delivery of the goods or, if they have not been delivered, after the date on which the goods should have been delivered or after the date on which, in accordance with the provisions of Article 11, paragraph 2, failure to deliver the goods would give the consignee the right to treat the goods as lost.

Questions:

1. How does the nine-month time limit start to count in case of loss of goods?
2. Can MTO grant a time extension?



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Application of Limitations/Exclusions and Time Bar

The provisions in this Agreement shall apply to all claims against the multimodal transport operator relating to the performance of the multimodal transport contract, whether the claim be founded in contract or in tort. (Art. 24.1)

Questions:

1. If you are MTO, how could you rely on the benefit of Art. 24.1?
2. If you are MTO, what are your defence strategies for rebutting the cargo claims?
3. If you are not MTO, but involved in the same multimodal transport, how could you escape liability for the cargo claim?

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Five Jurisdictions in case of Action in Court

The plaintiff has the option to sue in the competent court situated at one of the following places:

1. The principal place of business or, in the absence thereof, the habitual residence of the defendant; or
2. The place where the multimodal transport contract was made, provided that the defendant has there a place of business, branch or agency through which the contract was made; or
3. The place of taking the goods in charge for the multimodal transport or the place of delivery; or
4. Any other place designated for that purpose in the multimodal transport contract and evidenced in the multimodal transport document.
5. The court agreed by the parties after a claim has arisen, which designates the place where the plaintiff may institute an action.

Question: Is a foreign judgment enforceable in your country?



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Arbitration Clause (Art. 26.1, .3-.5)

Subject to the provisions of this Article, parties may provide by agreement evidenced in writing that any dispute that may arise relating to international multimodal transport under this Agreement shall be referred to arbitration.

The arbitrator or arbitration tribunal shall apply the provisions of this Agreement.

Places of arbitration stipulated by paragraphs 2 and 3 of this Article shall be deemed to be part of every arbitration clause or agreement and any term of such clause or agreement which is inconsistent therewith shall be null and void.

Nothing in this Article shall affect the validity of an agreement on arbitration made by the parties after the claim relating to the international multimodal transport has arisen.

Question: Is arbitration clause compulsory to multimodal transport contract?



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Claimant's Option to Places of Arbitration Proceedings

The arbitration proceedings shall, at the option of the claimant, be instituted at one of the following places:

- a. A place in a State within whose territory is situated;
 1. The principal place of business of the defendant or, in the absence thereof, the habitual residence of the defendant; or
 2. The place where the multimodal transport contract was made, provided that the defendant has there a place of business, branch or agency through which the contract was made; or
 3. The place of taking the goods in charge for the multimodal transport or the place of delivery: or
- b. Any other place designated for that purpose in the arbitration clause or agreement.

Question: Is a foreign arbitral award enforceable in your country?

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Minimum Requirements for Registered MTO

1. He shall possess the legal capacity as required by the provisions of the Member Country in which he is applying for registration;
2. He shall have domicile in the Member Country in which he is applying for registration;
3. He shall have an insurance policy, a coverage from a protection and indemnity club, or an alternative of a financial character to cover payment of obligations for loss, damage or delay in delivery of goods under multimodal transport contracts, as well as contractual risks; and
4. He shall maintain minimum assets equivalent to 80,000 SDR or provide an equivalent guarantee.

Question : Are more or greater requirements prohibited?



Japan-ASEAN Cooperation



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MULTIMODAL TRANSPORT OPERATION & LAWS

QUESTION & ANSWER

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