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MULTIMODAL TRANSPORT INSTITUTE (MTI)

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To : **NATIONAL ASSOCIATIONS**

cc : Extended Board
: Multimodal Transport Institute
: Working Groups Road- and Sea Transport
: CLECAT

From : Kersten Ohl, Secretary of the Institute

Subject : **Necessity of passing on extraordinary additional cost to the clientele**

Additional cost related to ocean transport

During the past few months you were informed by different circulars from Working Group Sea Transport of the FIATA Multimodal Transport Institute about requirements by the Bureau of US Customs and Border Protection to provide ocean cargo manifest details to US Customs 24 hours before goods are loaded onboard the vessel in a foreign port. Freight forwarders acting as non-vessel operating carriers (NVOCs) may under certain conditions transmit the corresponding data through the Advanced Manifest System (AMS) either themselves or through an AMS provider. Alternatively they have the option to provide the vessel carrier subcontracted by them for the actual ocean carriage with the manifest details for AMS transmission to the US Customs and Border Protection authorities on their behalf. Data transmission by vessel AMS is the only option a freight forwarder has if acting as an agent.

Whichever procedure is chosen, additional cost will incur for the freight forwarder, either by his expenses for the AMS software or the payments that have to be made to the AMS provider and by the international carrier bond to be posted as prerequisite for AMS transmission by the freight forwarder or through an AMS provider. Moreover, freight forwarder have to assume additional related administrative expense. For transmission of data elements through the vessel AMS, freight forwarders will be charged by the shipping line.

Additional cost related to road transport

As regards additional extraordinary cost, a similar situation exists in European road transport, although the starting position is, in fact, different. Also in this field freight forwarders are exposed to additional cost and taxes, as for instance to those related to road tolls that are levied in Switzerland, as well as in Germany in the near future. Additional countries are expected to follow with similar road charges.

The additional cost are not restricted to the toll fees. Recording devices have to be installed in the road vehicle and additional administration cost will incur also here, for instance in view of a toll account that needs to be established and the attribution of the additional fees to the different consignments.

Necessity of passing on additional cost to the clientele

In view of the narrow margin lines prevailing in the freight forwarding industry, the additional financial strain freight forwarders are exposed to in US maritime trades as well as in road transport cannot be absorbed by the freight forwarder, but must be passed on to the respective client from whom the order was received. When passing on the extraordinary cost, they should be itemised separately on the freight forwarder's invoice.

The National Association Members of FIATA are herewith requested to inform their members of the FIATA position accordingly.

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