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BILLS OF LADING INSPECTION PROCESSES AND THE  
DIFFICULTIES EMERGED IN SACHTLEBEN

Degree Programme in International Business  
Specialization in Asia

2014

# KONOSSEMENTTIEN TARKISTUSPROSESSIT SEKÄ ILMI KÄYNEET VAIKEUDET SACHTLEBENILLÄ

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Helmikuu 2014  
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Sivumäärä: 52  
Liitteitä:4

Asiasanat: konossementti, vienti, merikuljetukset

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Tämä tutkimus toteutettiin Sachtleben organisaatiolle, joka toimii kemianteollisuuden alalla tuottaen muun muassa valkopigmentejä sekä funktionaalisia lisäaineita. Tutkimuksen tarkoituksena tutkittiin merikuljetusasiakirjaa, konossementtia, siihen liittyviä ongelmia sekä case yrityksen konossementtien tarkistusprosesseja. Päätavoitteena etsittiin ratkaisuja kuinka konossementeissa esiintyviä virheitä voitaisiin vähentää Sachtlebenin osalta sekä kuvata millaiset konossementtien tarkistusprosessit yhtiössä on.

Tutkimus toteutettiin käyttämällä laadullista tutkimusmenetelmää, johon koottu aineisto perustuu kirjoihin sekä Internet lähteisiin. Empiirisen osan aineistonkeruun menetelmänä käytettiin e-kysymyslomaketta. Raportin teoreettisessa osassa käsiteltiin konossementin historiaa, pääominaisuuksia, sisältöä, informaatiovastausta sekä erilaisia muotoja. Teoreettisessa osassa käsiteltiin lisäksi konossementtiin liittyviä vaikeuksia, vaihtoehtoisia kuljetusasiakirjoja sekä konossementin käsittelyyn vaihtoehtoisia ratkaisuja. Raportin empiirinen osa koostettiin Sachtlebenin logistiikka operaattoreille sekä vientiassistentteille toteutetusta kysymyslomakkeesta saaduista tuloksista. Vastausten perusteella luotiin empiirisen osan konossementtien tarkistusprosessikaaviot sekä analysoitiin ilmi käyneitä vaikeuksia sekä niiden vaikutuksia.

Tutkimustulosten perusteella voidaan todeta, että Sachtlebenin tuotantolaitosten väliset konossementtien tarkistusprosessit eroavat jokseenkin toisistaan ja aiheuttavat osaltaan viivästystä prosessin kokonaisuudessa. Tutkimustulokset osoittavat yksityiskohtaisia ongelmia ja virheitä, joita esiintyy konossementtien kanssa, mutta yrityksessä tuntuu olevan usko siitä, että suurin osa näistä johtuu huolitsijan tai laivausyhtiön virheistä. Kehitysehdotuksissa kuitenkin keskityttiin kuinka Sachtleben voi osaltaan helpottaa prosesseja sekä vähentää esiintyviä ongelmia ja virheiden määrää konossementeissa.

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Degree Programme in International Business

February 2014

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Number of pages: 52

Appendices: 4

Keywords: bill of lading, exporting, sea transportations

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This research was conducted for Sachtleben organization, which operates in the field of chemical industry by producing inter alia white pigments and functional additives. The purpose of this research was to study a sea transportation document, bill of lading, problems related to it and bill of lading inspection processes in the case company. As main objective solutions were searched how the mistakes on bills of lading could be reduced on Sachtleben's side and to describe what are the inspection processes of bills of lading in the company.

The research was conducted by using a qualitative research methodology, for which collected data is based on books and Internet sources. For empirical part the data collection method used was e-questionnaire. In the theoretical part of the report the history, main features, contents, information responsibility and different forms of bill of lading was discussed. In the theoretical part also the difficulties related to the bill of lading, alternative transport documents and alternative solutions of managing the bill of lading were discussed. The empirical part of the report was composed from the results received from the questionnaire conducted to Sachtleben's logistic operators and sales assistants. According to the answers the bill of lading inspection process descriptions were created and the difficulties emerged and their impacts were analyzed.

According to the research results show that the bill of lading inspection processes somewhat differs between Sachtleben's production sites and contributes delay within the whole process. The research results indicate detailed problems and mistakes, which occur with the bills of lading, but within the company seems to be belief that the majority of problems evolve from forwarder's or shipping line's mistakes. However, in the development recommendations it was concentrated on Sachtleben's part how they could ease the processes and reduce occurring difficulties and the amount of mistakes on bills of lading.

## TABLE OF CONTENTS

1	INTRODUCTION .....	6
2	SACHTLEBEN ORGANIZATION.....	7
3	PURPOSE, RESEARCH METHODS AND CONCEPTUAL FRAMEWORK .....	8
3.1	Purpose of the thesis .....	8
3.2	Research questions.....	8
3.3	Research methodology and methods .....	9
3.4	Conceptual framework.....	11
4	BILL OF LADING.....	12
4.1	Definition .....	12
4.1.1	History .....	12
4.1.2	Main features .....	13
4.1.3	When bill of lading is used? .....	15
4.2	Responsibilities .....	16
4.3	Different forms of Bills of Lading .....	17
4.3.1	Original, Copy and Draft Bill of Lading .....	17
4.3.2	Clean and Unclean Bill of Lading .....	18
4.3.3	Received for Shipment and On Board Bill of Lading .....	19
4.3.4	Through and Groupage Bill of Lading .....	19
4.3.5	Straight and Bearer Bill of Lading .....	20
4.4	Current development.....	21
5	DIFFICULTIES IN USE OF BILL OF LADING .....	22
5.1	Letter of Indemnity .....	22
5.2	Common mistakes.....	23
6	ALTERNATIVE TRANSPORT DOCUMENTS .....	24
6.1	Electronic Bill of Lading .....	24
6.2	Short form and blank back.....	26
6.3	Sea Waybill (Liner waybill).....	27
6.4	Telex Release and Express Release .....	28
7	ALTERNATIVE WAYS OF MANAGING THE BILL OF LADING .....	28
8	RESEACRH IMPLEMENTATION .....	30
8.1	Selection of the research approach .....	30
8.2	Data collection and analysis.....	31
8.3	Quality assessment.....	32
9	RESEARCH FINDINGS .....	33
9.1	Process descriptions .....	33

9.1.1 Pori .....	34
9.1.2 Duisburg .....	36
9.2 Differences between the processes .....	38
9.3 Difficulties emerged.....	39
9.3.1 Time consumed .....	40
9.3.2 Common mistakes .....	41
9.3.3 Causation and solutions.....	42
9.3.4 Prevent from occurring.....	43
9.4 Conclusion of the findings .....	43
10 RECOMMENDATIONS .....	44
10.1 Advantage of technical solutions .....	44
10.2 Unifying the processes .....	45
10.3 Alternative transport documents .....	46
10.4 Instructions.....	47
10.5 Communication.....	47
10.6 For further studies .....	47
11 FINAL WORDS .....	48
REFERENCES.....	50
APPENDIX	

## 1 INTRODUCTION

The topic of this thesis is the most powerful export document called bill of lading. The research was conducted for Sachtleben, which operates in Pori, Finland and in Duisburg and Krefeld-Uerdingen, Germany. The purpose of this thesis is to study the nature of bill of lading as an export document, to discover the difficulties emerged in use and to find out and describe the inspection processes of bills of lading in the case company.

When I was working for the summer 2013 in Sachtleben Pigments Oy in Customer Service and Order Management as a sales assistant; I came across with some difficulties when inspecting the bills of lading drafts. Thus I got interested, how the mistakes on the bills of lading could be reduced on Sachtleben's side and how the processes of inspecting the bills of lading differ between the productions sites. This thesis provides a review in to the complexity, advantages, disadvantages and the importance of correct bill of lading. Solutions and recommendations are created for the use of Sachtleben, thus they are designed to be executable. Frame of this topic was chosen in a discussion with Sachtleben's Customer Service Director in the end of September 2013.

The conceptual framework is designed so that the frame of the topic and the searched issues related to the final outcome would become clear for the reader. In the theoretical part of this thesis the subjects discussed, will help the reader to understand the analyzed findings, process descriptions, recommendations and issues affecting to them. The thesis can work as source of information to the reader or provide a glimpse of solutions for a company having a similar situation as Sachtleben.

## 2 SACHTLEBEN ORGANIZATION

Sachtleben is a leading manufacturer of inorganic products, white pigments and extenders, with a turnover of approx. EUR 820 million in 2012 and it is owned by US-based Rockwood Holdings Inc. In 2008 Sachtleben Chemie GmbH, Germany and former Kemira Pigments Oy, Finland (current Sachtleben Pigments Oy) formed a joint venture. Again in 2012 Sachtleben bought a production site from Krefeld-Uerdingen, former Crenox current Sachtleben Pigment GmbH. Sachtleben organization employs in total approximately 2200, of which 1150 are employed in Duisburg, 500 in Krefeld and 550 in Pori site. The head office is located in Duisburg, but Sachtleben also has sales offices in New York, Shanghai and Helsinki and 85 agents and distributors around the globe. In addition Sachtleben supplies white barytes originated from Deutsche Baryt-Industrie. (Website of Sachtleben 2013.)

As they are focusing on chemical industry, Sachtleben develops and produces white pigments as well as functional additives. Sachtleben's products are exported all over the world. 55 % of all sales come from Europe, from North and South America the share is 20 % and from Asia and Pacific the share is also the same 20 % of sales. The products are also exported to Africa and Middle East, which shares 5 % of sales. (Website of Sachtleben 2013.)

Sachtleben focuses on niche applications and its target markets are focused on fields of coatings, plastics, packaging inks, man-made fibers, films, food, catalysis, cosmetics and paper. Products including titanium dioxide can be found in day-to-day products e.g. from make-up, sun-cream, chewing gum, candy and paint. (Website of Sachtleben 2013.)

In September 2013 Rockwood Holdings Inc. informed that an agreement of selling the pigment activities to US-based Huntsman Corp. has been made. However, the transitional phase takes time, due to competition authority confirmation of the trade. (Koskiahde 2013, Talous.)

### 3 PURPOSE, RESEARCH METHODS AND CONCEPTUAL FRAMEWORK

#### 3.1 Purpose of the thesis

The purpose of this thesis is to study most powerful export document bill of lading, which is a certain sea transport document, and to describe the inspection processes of bill of lading document in the case company Sachtleben. The purpose is also to map out the difficulties with the bills of lading and to find out alternative transport documents for bill of lading.

The main objectives of this project are to find out solutions how the mistakes on bills of lading could be reduced on Sachtleben's side and to describe what the inspection processes are in the company. The primary outcomes of my thesis are two process descriptions, indicating the bills of lading inspection processes in Pori site and in Duisburg site. Secondary outcomes of the thesis are the recommendations how to improve and ease the processes.

#### 3.2 Research questions

The research questions are divided into two groups, first one consisting of three main research questions and several sub-questions and the second group consisting of two main research questions and sub-questions. The research questions are following:

What is bill of lading and what makes it the most powerful export document?

- When bill of lading is used?
- How the responsibilities of bill of lading are divided?
- Where the information on a bill of lading is based on?
- What kinds of bills of lading are used in sea transport and what is the difference between them?
- Is there any current development of bill of lading?

Are there alternative transport documents for bill of lading?



Are there alternative ways of issuing the bill of lading?

The first group of questions is focusing on the theoretical part of the thesis and is created to disclose the features, complexity, and development of bills of lading, but in the second group the research questions are especially focusing on the empirical part of the thesis. The research questions are following:

What are most common difficulties in the use of bill of lading?

- What are most common mistakes occurring on bills of lading?
- How these mistakes can affect?

How the bill of lading is issued and checked?

- Who issues the bill of lading?
- Who checks the bill of lading?

### 3.3 Research methodology and methods

*Quantitative research* is often used in social science. In a quantitative research the main focus is on the laws of causation, meaning that X happened due to Y. The gathered data in a quantitative research will be analyzed into statistics and units. The goal is to gain data which can be generalized. (Hirsjärvi, Remes & Sajavaara 2010, 139-141; Website of Virtuaali Ammattikorkeakoulu 2013.) When a quantitative research is conducted, the respondents are randomly selected and large numbered. The methods used to gather data is therefore often questionnaires, face-to-face or telephone interviews. The outcome of the research is used to make recommendations of subsequent actions. (Website of Snapsurveys 2013.)

In a *Qualitative research*, the subject which is under a study is intended to be described as comprehensive way as possible. The qualitative research is suitable in a situation where the researcher is interested in details of a singular phenomenon, singular persons influence on the phenomenon and gaining information on a natural situation or the causation of a certain case, which cannot be researched with experiment. (Hirsjärvi, Remes & Sajavaara 2010, 161; Metsämuuronen 2011, 92.) Mostly

when the data is collected for a qualitative research, the methods used are unstructured or semi-structured interviews or possibly group discussions. The number of respondents is normally small and they are selected carefully to fulfill a quota. The findings are not definite nor they can be generalized, they are for developing general understanding and give directions for possible decision making. (Website of Snapsurveys 2013.)

However, it is stated that the quantitative and qualitative research should not be separated as they can be combined in a singular research and a certain continuum between the methodologies can be recognized. Still, to ease the process of a research it is better to recognize only one of the methodologies as a main methodology and further on decide the research methods that will be used. (Metsämuuronen 2011, 91-92.) For this research the chosen main methodology is qualitative and the method used is online-questionnaire.

*Case study* is one of three traditional strategies of research; the others are *Experimental research* and *Survey –research*. *Case study* includes specific and detailed information on a singular phenomenon or a small group of phenomenon which are interrelated. The typical features of a case study are that it is concentrated on singular case or situation where the attraction is on individual, group or society. Mostly when the case study is used one is interested in processes or a singular activity related to its environment. The data for the research is gathered mostly by using several methods, for example by observation, by conducting an interview or by examining documents. (Hirsjävi, Remes & Sajavaara 2010, 134-135.)

### 3.4 Conceptual framework

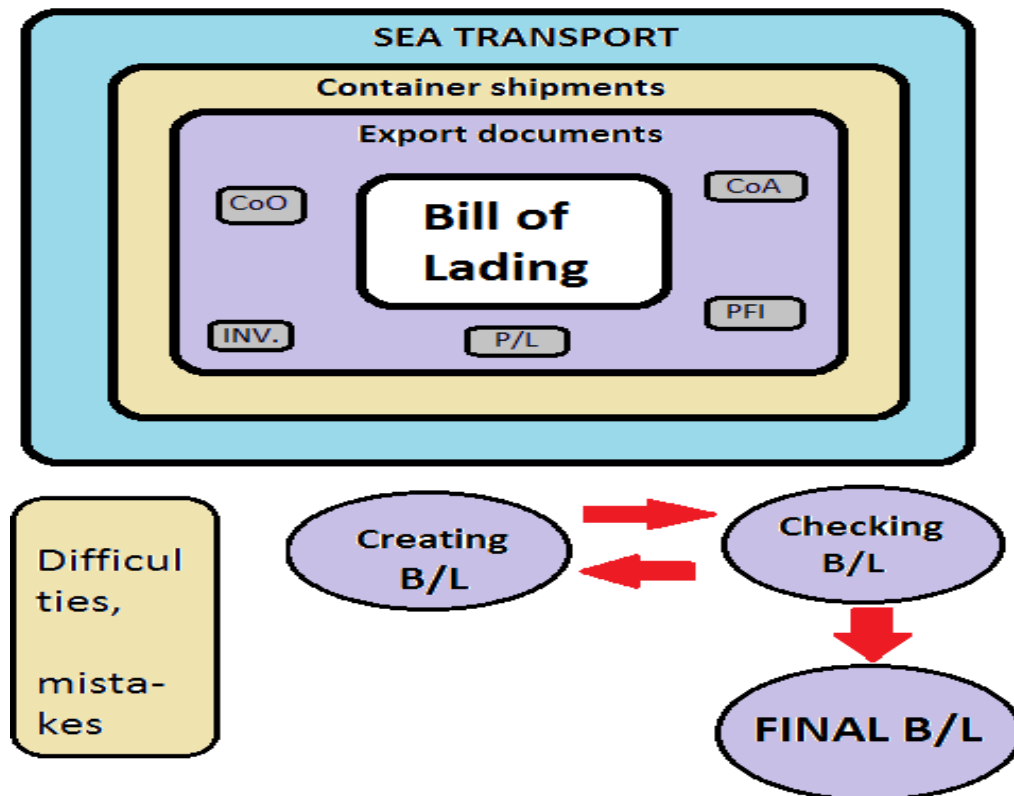


Figure 1. Aaltonen, J. 2013. Conceptual framework: The frame of the topic and the searched issues related to the final outcome.

Firstly the conceptual framework confines the subject of this project, from sea transport to containerized shipments, and from container shipments to the export documents. There are various different documents included in exporting but for this project they are limited to bills of lading documents. Examples of the omitted documents can be seen in the conceptual framework as grayed boxes, like Packing List, Commercial Invoice and different certificates. Secondly the conceptual framework reflects the searched issues of this project, the creating, checking and the final bill of lading as well as the difficulties and mistakes involving them.

## 4 BILL OF LADING

### 4.1 Definition

In the United Nations Convention on the Carriage of Goods by Sea 1978 the bill of lading was defined as following: “‘Bill of Lading’ means a document which evidences a contract of carriage by sea and the taking over or loading of the goods by the carrier, and by which the carrier undertakes to deliver the goods against surrender of the document. A provision in the document that the goods are to be delivered to the order of a named person, or to order, or to bearer, constitutes such an undertaking.” (Website of United Nations Conference on Trade and Development 2013.)

#### 4.1.1 History

The development of bill of lading can be roughly divided into three different eras; era of sailing ships, steamships and international legislation co-operation. All of these eras has influenced greatly into the development of Law of the Sea. However, it is stated that the new communication technology will create a new era in the history of bill of lading. (Sisula-Tulokas 2007, 115.)

These days’ bills of lading are originated from 14<sup>th</sup> century. Firstly the bill of lading was a non-negotiable receipt of cargo received and the document was issued by the ship-owner for a merchant who was not going to travel with the goods. Already then the document contained statement of the type, condition and quantity of the goods. Later on the terms of the contract were incorporated into the document in order to ease the disagreements between the cargo owners and the carriers. In the 18<sup>th</sup> century the bill of lading became also negotiable and this enabled the merchants to sell the goods before their arrival to the destination. (Wilson 2010, 115.)

Negotiability of the document enabled later on the banks to accept the documents as a security of a payment, when the payment term was letter of credit. The negotiable bill of lading can be titled as the foundation for letter of credit practice and as a

standardized form it also eased the job of bank clerks, whose knowledge on shipping was scarce. (Jones, n.d.)

The carrier's liability was to transport the goods safely to the destination in received condition, subject to the common law exceptions known as act of God, *force majeure*, inherent vice, or public enemies. (Sisula-Tulokas 2007, 116; Wilson 2010, 115.) However, the carrier was still liable of the goods if his negligence had influenced to it. As a result carrier's took the advantage of the freedom of contract during the 19<sup>th</sup> century and introduced own clauses into the contracts of carriage, which excluded their common law liability. This reached a point where some carrier's intended to exempt themselves from the liability even for loss caused of their negligence. The mutual resistant from bankers, shippers and insurers resulted model bills of lading and introduction of legislations. Harter Act 1893 was born in the USA as one of the results. (Wilson 2010, 115-116.) The Harter Act included compelling regulations of carrier's minimum liability (Sisula-Tulokas 2007, 116).

The model bill of lading was to reduce the carrier's permission to limit his liability. In Hague's Convention in 1924, the structure and liability rules of model bill of lading were included. The Hague's Convention has been as "basic convention" and has been modified later on in Hague-Visby 1968 rules and in Hamburg Rules in 1978. (Sisula-Tulokas 2007, 116.)

The most recent Convention is the *UNCITRAL* (United Nations Commission on International Trade Law) *Convention on the Carriage of Goods by Sea*, otherwise known as the "Rotterdam Rules". The Rotterdam rules are a modern alternative of before set rules and conventions and take into account the technological and commercial developments. (Jimenez 2012, 187.)

#### 4.1.2 Main features

Essentially bill of lading functions as a receipt for the goods, as an evidence of the contract of carriage and as a document of title. Because bill of lading works as receipt for the goods, it can be issued as clean or unclean (dirty, foul), depending on

the order and condition of the goods that the carrier has received. The contract of carriage is made verbally when the space for delivery is booked and as an evidence of the contract of carriage, bill of lading includes the conditions of the contract, mostly based on Hague-Visby or the Hamburg Rules conventions. Unique and most important feature of bill of lading is that it is a *document of title*, meaning that the document itself represents the goods being delivered and with it, it is possible to restrict buyer's access to the goods. (Sherlock & Reuvid 2008, 235-237.)

Even though there are different layouts used in bills of lading depending on the carrier, these days they are mostly issued into A4 paper and contain very similar information (Sherlock & Reuvid 2008, 234). Bill of lading has to include following information:

- The quality of the good carried
- Amounts, weight/cubic meter
- Condition of the goods and packaging
- Carrier's and shipper's (exporter) names
- Notified party's information
- Port of shipment and date of receiving the goods for loading
- Port of discharge
- Place of issuing the bill of lading
- Amount of original bills of lading issued
- IMO-features of the good
- Freight amount – if paid by notify party
- Other terms and conditions of the contract of carriage

(FINTRA 2008, 11-7.)

Also the bill of lading would have to include the name of the carrying vessel, marks and numbers identifying the goods and the date and the signature of the ship's Master or his/her agent (Branch 2006, 362). Signing of the bill of lading can also be done electronically. Before the bill of lading is issued there are several stages, however, the bill of lading is issued based on *Mate's Receipt*, which verifies, after receiving the cargo for shipment, its condition, weight and amount of carriage. (Melin 2011, 202-203.) It is stated that the Mate's receipt have been replaced with *National Stand-*

*ard Shipping Note*, which is done by the shipper or the freight forwarder, providing the full information of the goods (Branch 2006, 370).

The bill of lading can be addressed, in other words determine to handover the goods to a named person, a named person or his/her representative or *to order*. When the bill of lading is addressed to a named person, document in question is *Straight Bill of Lading*. Straight bill of lading is not meant to be transferred, therefore being a *non-negotiable* document, and it is used only if the addressee has paid in advance, has set a guarantee of paying the goods (reimbursement) or has got an open credit for the goods. When bill of lading is addressed to a named person or his/her representative, addressee in question can be e.g. bank. *To order* addressed bill of lading is most common and it means that the right for the goods is transferred when the bill of lading is being delivered and transferred to a new owner. Therefore being a *negotiable* document. The transfer can be done by name shift or by open; blank transfer. (FINTRA 2008, 11-6 – 11-7.)

#### 4.1.3 When bill of lading is used?

Bill of lading is used in cases where the goods are indented to be sold during the shipment, perhaps for several times, when the payment term is a documentary credit or if for the shipper it is necessary to hold on to the ownership of goods for some reason (Dubovec 2006, 445).

Documentary credit is used when the customer's country might be politically or economically unstable and affect to the buyer's liquidity and ability to pay or documentary credit can be required by country's legislation for example (Website of Nordea 2013). In insurance company Pohjola's website the meaning of documentary credit is explained and referred as following: "A letter of credit means that the purchaser's bank undertakes to make payment to your company provided that your company presents the documents specified in the contract of sale and corresponding to the terms and conditions of the letter of credit during its validity." (Website of Pohjola 2013.)

## 4.2 Responsibilities

The information responsibility of the data in bill of lading relies on the carrier and can be divided in two: *implied transport liability* and *practical responsibility*. The implied transport responsibility of the carrier means that the description of the goods on the bill of lading cannot be rebutted. In other words this means that if for example the amount of released goods for shipment is less than indicated on the bill of lading, the carrier is responsible to compensate the difference for the consignee. In this case it is required that the third party has purchased the goods in good faith. However, if the carrier have had a reason to suspect the correctness of the description of the goods or he/she hasn't had reasonable possibility to inspect the goods, e.g. when loaded into a container, he/she is not responsible of the defect provided that the carrier has made a reservation or a clause on the bill of lading about it. (Sisula-Tulokas 2007, 68-69.)

The description of the goods and all other essential information on the bill of lading is defined as carrier's practical responsibility. Meaning, that if the information on the bill of lading is false or misleading; and it will cause loss or other damage to the buyer, the carrier is liable to compensate for it. Then again this requires that the carrier understood or should have understood that the information on the bill of lading was misleading. (Sisula-Tulokas 2007, 70.)

Even though the before mentioned facts about the information responsibility indicates that the responsibility relies only on the carrier, is not the whole truth. Shipper provides a lot of the information, which will be put on the bill of lading and thus making the shipper responsible for the validity of given information. Therefore the carrier is justified to collect the compensation of costs, evolved from invalid information on bill of lading, from the shipper. (Sisula-Tulokas 2007, 153.)



### 4.3 Different forms of Bills of Lading

Bills of lading can be divided into two main forms: *On Board Bill of Lading* and *Received for Shipment Bill of Lading*. Definition is dependable on where the goods are located when the bill of lading is signed. (Huolinta-alan käsikirja 2010, 217.) According to the terms of most commonly used On Board bill of lading, the goods have been loaded on board on a date, which is indicated in the bill of lading. Received for Shipment bill of lading indicates that the goods have been received for shipment on date it is signed. (Melin 2011, 203.)

#### 4.3.1 Original, Copy and Draft Bill of Lading

From a shipment, there will be issued several bills of lading, which include the same information, they are equivalent and signed by the shipping company. These are *Original Bills of Lading* (Appendix 1) and mostly issued in sets of three (*full set*), depending on shipper's request and the prevailing practices. Original bill of lading is the *document of title*, thus with one original bill of lading the consignee is able to get the goods out of the vessel and the ownership is transferred or in the other hand the shipper can pledge the goods. However, if the goods are collected somewhere else than in destination port, the goods will be released, to the person who has the full set of originals in his or her possession. To ensure the proprietary right to the goods the buyer mostly requires the full set of original bills of lading to him or herself. The originality is indicated with stamp "ORIGINAL" or it has already been printed on the bill of lading beforehand. (Huolinta-alan käsikirja 2010, 219; Melin 2007, 204; Pasanen 2005, 292.)

*Copy Bills of Lading* are issued purely for commercial purposes only, e.g. for brokers and official authorities. Mostly there will be eight copies issued, indicated with stamp "COPY" or otherwise. These documents are similar to the original one, but do not include signature nor entitle to the goods. The corrections or changes made to the original bill of lading have to be done also into the copy bill of lading. (Huolinta-alan käsikirja 2010, 219; Melin 2007, 204.)

*Draft Bills of Lading* are namely drafts of the bill of lading. It is issued according to the received shipping instructions. The word draft is either mentioned somewhere on the bill of lading or it can be marked with a watermark across the paper. Drafts are used to inspect the information, on the original bill of lading to be, by the shipper. (Legget 2011.)

#### 4.3.2 Clean and Unclean Bill of Lading

All issued bills of lading contain the phrase referring to the cargo: “in apparent good order and condition”, meaning that the bill of lading is regarded as *Clean Bill of Lading*, unless the statement is changed by the carrier. If the carrier does not agree with the information concerning the cargo or the statements given on the bill of lading, he or she will add a clause to this effect which will make the bill of lading an *Unclean Bill of Lading*. (Branch 2006, 364.)

For every party of the trade, it is important that the bill of lading is issued as clean. For the carrier it is the matter of possible damages sanction and for the buyer that the goods are according to the sales contracts purpose. If on the bill of lading is stated that the packages are used or the carrier markings indicate that he or she is neither liable for the packages used, the nature of the goods or features of the package, does not make the bill of lading unclean. In container shipments because the carrier is not liable for neither the contents of the container or the inspection of it, the marking “said to contain – STC” is added on the bill of lading. (Pasanen 2005, 294-295.)

Into an *Unclean (Claused) Bill of Lading* the marking or indication of e.g. “wet cartons”, “x amount of parcels missing”, “short shipped” or “damaged drums” is added (Huolinta-alan käsikirja 2010, 220). When adding the clause, it should always describe the conditions or defectiveness of the goods and/or packaging at the time of shipment. The clause should be phrased carefully, to avoid confusion e.g. with banks because they are very cautious with the markings. (Website of Ship Inspection 2013.) If bill of lading is unclean, bank can reject the documents; the buyer can insist discount or even refuse to collect the goods. In this case the refusal to collect would not be a breach of contract on buyer’s side. (Pasanen 2005, 295.)

#### 4.3.3 Received for Shipment and On Board Bill of Lading

*Received for Shipment Bill of Lading* namely indicates that the carrier has received the goods to his or her possession for the shipment. The goods can be on carrier's container yard, terminal or in similar location, however not loaded on a vessel. On shipper's request the carrier is responsible to give the received for shipment bill of lading and on the date of loading, when the *On Board Bill of Lading* is issued, the received for shipment bill of lading has to be returned. However, the received for shipment bill of lading can be noted as on board bill of lading when the markings of vessel's name, date and place of loading are added. (Huolinta-alan käsikirja 2010, 217-218, 257.)

The shipper can also require the carrier to issue *On Board Bill of Lading*, which proves that the goods have really been shipped. The phrase: "Shipped in apparent good order and condition" on the bill of lading confirms that the goods are on board. Normally this clause has already been added into description of goods section; however it also can be added later on e.g. with stamp. On board bill of lading are preferred on shippers', banks' and buyers' sides. (Branch 2006, 363; Huolinta-alan käsikirja 2010, 217.)

#### 4.3.4 Through and Groupage Bill of Lading

*Through Bill of Lading* is issued when the transport is ought to be made by several carriers. Mostly this is the case when exporting outside Europe the shipment needs two different ships, thus two different bills of lading and two carriers. The local carrier will arrange the shipment e.g. from Finnish port to bigger European port, where the cargo shall be loaded to an ocean vessel. The local carrier will issue a *Local Bill of Lading* or a receipt for the principal carrier for the first part of the shipment. The principal carrier will arrange the shipment from Europe to the destination port and issues the through bill of lading. (Pasanen 2005, 293.)

The through bill of lading bears the same legal effects as “normal” bill of lading, even though the principal carrier is only liable for its own part of the shipment and works as an agent for the other carriers, e.g. for the local carrier taking care of the first part. However, *Multimodal Bill of Lading*, also known as *Combined, Combined Transport, Intermodal and Multimodal Transport Bill of Lading*, has the same basic idea than the through bill of lading. Only difference is that when using the multimodal bill of lading, the principal carrier has a full liability of the entire shipment, including all modes of transportation. (Pasanen 2005, 294; Website of Business Dictionary 2013.)

*Groupage Bill of Lading* is used by forwarding companies as they arrange groupage deliveries, meaning that the bill of lading includes information about the goods, which are delivered to several buyers. The groupage bill of lading is consigned for the representative of the forwarding company at the destination. However, for the consignee of a singular lot, the forwarding company will issue either *Forwarder’s Certificate of Receipt (FCR)*, *Forwarder’s Certificate of Transport (FCT)* or *FIATA Negotiable Multimodal Transport Bill of Lading (FBL)*. With one of these documents the forwarder will commit to deliver the goods to the destination and release the goods against the document. (Huolinta-alan käsikirja 2010, 224; Pasanen 2005, 296.)

#### 4.3.5 Straight and Bearer Bill of Lading

There are two bills of lading that can be said to be rather different from traditional bills of lading. *Straight Bill of Lading* is a non-negotiable document, because the consignee is clearly nominated by name without specified qualifications, such as “To order” or “To the order of”. Since the straight bill of lading is non-negotiable, it cannot be endorsed to other party. When using the straight bill of lading, there is no necessary need to present the document for delivery, however proof of identity needs to be demonstrated. (Branch 2006, 365.) Still, there is possibility that the straight bill of lading is considered as negotiable document, when it is separately marked that the delivery will be done only against presentation of an original bill of lading. This matter should be always investigated, because the legislation concerning straight bills of lading differ between countries. (Gard 2012, 5, 11.)

Then there is a *Bearer Bill of Lading*, which possesses an exception to a general rule that the consignee must be named on the bill of lading. Bill of lading can be considered as bearer bill of lading when the word bearer is inserted to the consignee space on the bill of lading, or alternatively it includes the clause “deliver to bearer”. Briefly said the bearer bill of lading does not bear the name of the buyer or other consignee, thus whoever possess the bearer bill of lading is entitled to the goods. Even though bearer bill of lading is faster to issue, it includes the dilemma of the document getting into wrong hands e.g. thieves. (Website of Coffee Guide 2013; Website of the Ship Inspection 2013.)

#### 4.4 Current development

The Rotterdam Rules set in 2008, can be seen as most recent development of bill of lading. Due to growth in containerization, development of electronic documentation and grown desire of having door-to-door services, covered by single contract, has evolved into this Convention. The Convention supports the contracts of carriage between shippers and carriers which may include other modes of transport than maritime. Also *CMI Rules for Electronic Bills Of Lading* has driven forward the development as being “advocate” for electronic bills of lading. (Jimenez 2012, 187; Website of Comité Maritime International 2013; Website of the UNICITRAL 2014.)

As bill of lading is a document of title, it enables the selling of the goods during the shipment. However this is not the case in brake bulk, thus it is speculated that bill of lading might have to “step away” from waybills. More and more waybills are used in instead of bill of lading, because it enables the release of cargo without presenting any original documents and it is easier to issue electronically, which reduces costs and enables faster transition. The position of waybills has been strengthened with *Comité Maritime International’s Uniform Rules for Sea Waybills*. (Sisula-Tulokas 2007, 92-93.)

## 5 DIFFICULTIES IN USE OF BILL OF LADING

Even though bill of lading has its advantages when used in certain cases, there are also some difficulties related to the use of it. As the process is quite complicated and involves number of different entities, this enables fraudsters to take advantage. For example the fraudsters can forge a bill of lading by changing the consignee of the cargo to themselves and thus enable receiving the cargo from the carrier. However, it is also possible that the theft happens in conspiracy between the consignee and the forwarder. For example in such cases the payment term is document against payment and with the help of forwarder the consignee is able to avoid the payment of the goods. (El Hawawy 2013.)

Even when the fraudulent bills of lading are zoned out there are other difficulties related to bills of lading. One very common difficulty is that the goods arrive to the destination before the documents has reached the consignee. This is due to the fact that the bill of lading is the last document to be issued as it is issued after the loading of the goods, whereas it is the first document needed on the arrival of the goods. (Dubovec 2006, 445.)

However, there is a difficulty related to all kinds of international transport documentation. The fact is that too many of the personnel handling the documentation have got a “standing next to Nellie” training, so mostly it is clearly known what there is to be done, not why it needs to be done. Thus the consequences of procedures are not understood and the documents are delivered by rote. This makes it also very error prone process. (Sherlock & Reuvid 2008, 231.)

### 5.1 Letter of Indemnity

There are several cases when *Letter of Indemnity* is issued (Appendix 2). Generally it is a document where the shipper makes the commitment to cover for all expenses evolved from issuing a clean bill of lading or when duplicating them. However, it is used in debatable situations sometimes. For example when the letter of indemnity is created for issuing a clean bill of lading, instead of probable foul one, and the goods

have not been sold and/or are intended to be sold during the shipment. The carrier has a responsibility to inform the customer, who has purchased the goods in good faith, about letter of indemnity and its contents if requested. (Huolinta-alan käsikirja 2010, 223.) However, there are cases when this kind of issuance of clean bill of lading, instead of unclean one, is acceptable. These cases mostly include days of loading and counting of multiple packages, thus the information given on mate's receipt about the quantity can differ from shippers. In this case it is assumed that the incorrectness is due to a miscalculation. (Pasanen 2005, 295.)

Then there can be situations where consignee does not have the original bill of lading to present at port, the original has been lost or mislaid in transit. With the letter of indemnity the shipper permits shipping liner to issue a duplicate set of bills of lading. (Branch 2006, 387-388.) It is also possible to do an amortization of the bill of lading in this case, but it is a complex and time consuming legal process (Pasanen 2005, 296).

Letter of indemnity is also used to permit the cargo to be released without issuing original bill of lading. This is used when the consignee is well known, in shipper's opinion the right person to collect the cargo and the consignee presents documents of payment. (Pasanen 2005, 296.) The release of the cargo without issuing the original bills of lading can be due to late arrival of documents, storing at port is not recommended because of the nature of the goods etc. Whenever the letter of indemnity is issued, it mostly depreciates the value of the bill of lading as exchange document. (Huolinta-alan käsikirja 2010, 223.) Letter of indemnity is considered as a document of legal and commercial convenience, thus it should be used with caution (Branch 2006, 388).

## 5.2 Common mistakes

Here below are listed some of the common discrepancies which appear on bills of lading:

- The "freight paid" is not indicated in the document even required e.g. CFR and CIF contracts

- The “freight pre-paid” not indicated in the document when the charges are included in the invoice
- The document is not dated or dated later than the latest shipping date, which is defined in the credit
- The description of goods is incorrect to what prescribed
- The total amount of freight is not indicated, even required in the credit.
- Port of loading/discharge and/or vessel name not prefaced with “intended” marking
- Bill of lading is not issued “on board” when required.

(Branch 2006, 368-369.)

Whenever carrier makes some mistake on the document, the shipper should point it out and ask for an amendment. However, if originals have already been issued, these should be returned to the carrier before issuing a new set of originals. Because the bill of lading is valuable and significant document, it should be completed correctly, thus duty of accuracy is borne by the carrier. (Website of Irish Exporters Association 2013.)

## 6 ALTERNATIVE TRANSPORT DOCUMENTS

There are some alternative documents that can be used instead of traditional bill of lading. These alternative documents are introduced and the nature and benefits of use are discussed in the following section.

### 6.1 Electronic Bill of Lading

The *Electronic Bill of Lading* represents traditional paper bill of lading in an electronic form. It is ought to perform the three main functions as the traditional bill of lading: contract of carriage, receipt of goods and a document of title. So that the main functions could be replicated electronically, it is dependable on the law of the country where it is issued, e.g. the *Carriage of Goods by Sea Act*, which is applied for in-



stance in United States, does not recognize forms of electronic shipping documents in sea-carriage. (Dubovec 2006, 448.)

However *CMI Rules for Electronic Bills Of Lading* is created to support a system, where the electronic bill of lading can be transferred like the traditional one, only with a *Private Key*, a secret code. Whoever has the Private Key in his or her possession, have the bill of lading also and is able to give instructions and orders for the carrier. The Private Key is passed on to the next responsible user, e.g. for the buyer, which will destroy the old one and create a new one. Every time the Private Key is assigned to the next user, a new one is created and he or she is entitled to the goods. This way the function of traditional paper bill of lading is utilized. (Sisula-Tulokas 2007, 93-94.) As the electronic bill of lading also functions as contract of carriage, it is subject to the any international convention or national law, which would have been applied in case of a paper bill of lading (Website of Comité Maritime International 2013).

Bolero was the first one to introduce electronic bill of lading solution to the market, approved by International Group of P&I Clubs (ship-owner and charterer members, non-profit making mutual insurance association). Bolero is a cloud-based platform. Companies who will use Bolero-system will approve the Bolero Rulebook as a legal agreement, which include strict regulations enabling the replacement of traditional documents with electronic ones. (Website of Bolero 2013; Website of International Group of P&I Clubs 2013; Sisula-Tulokas 2007, 94.)

There are several benefits arising from the use of electronic bill of lading. It enables paperless trading, on bill of lading part, and it reduces the risk of possible frauds. Electronic bill of lading also removes the possible requirements for Letters of Indemnity. The benefits arise also when the company is able to save in costs and speed up the business transactions for instance, the document flow. With electronic bill of lading they are able to improve their payment arrangements and to optimize the security matters. (Website of Bolero 2013; Goldby 2011, 2.)

## 6.2 Short form and blank back

*The Short Form Bill of Lading* is namely shorter form of traditional bill of lading. The only difference is that it does not include the full terms and conditions of the contract of carriage on its back. The short form bill of lading has a reference to the terms and conditions, mostly indicating that the copy of carrier's conditions will be available from a named place if requested. (Website of Maritime Knowhow 2013.) First the short form was introduced in Sweden, but is now widely used (Wilson 2010, 158).

The benefit of short form bill of lading is that it simplifies documentation by reducing the amount of information and consequently speeds the issuing. It can be either produced in propriety form or in common form. In propriety form the carrier's name has already been printed whereas in a common form the selected carrier can be inserted by the shipper. The advantages of common form are that it is for universal use and removes the need for separate documents to be stored for each carrier. (Wilson 2010, 158.)

The short form bill of lading is sometimes referred as *Blank back Bill of Lading*, however the blank back differs a bit. It is almost identical to short form and it was designed by BIMCO (*Baltic and International Maritime Council*, international shipping association) to be used in liner traffic. It ought to be a replacement of *Conlinebill* (BIMCO liner bill of lading, used in carriage of general cargo from port to port), which include exceptional clause about allowing a transshipment, even the carriage is from port to port, and thus if the transshipment takes its place the responsibility of goods is on merchant's shoulders in the transshipment port. This makes the difference between blank back and short form bill of lading, as in the blank back bill of lading the reference of terms and conditions can be if wanted, those on the conlinebill. What makes the blank back also useful is that it can be used as a through bill of lading. (Website of BIMCO 2013; Website of Maritime Knowhow 2013.)

However, both of these bills of lading, short form and blank back, are negotiable documents, and accepted by the banks, when so indicated in the application for a documentary credit (Website of Maritime Knowhow 2013).

### 6.3 Sea Waybill (Liner waybill)

The *Sea Waybill*, (Appendix 3) often referred in Finland as a *Liner Waybill*, is a very similar document when comparing to the bill of lading, but it is not *document of title* and therefore should always be set to a named consignee (Pasanen 2005,294). The waybill is issued on behalf of the shipper by the shipping company to represent as an evidence of the receipt for the goods mentioned, as a contract of carriage, including terms and conditions or a reference to them, and as a commitment for delivering the goods to the named consignee, without the need of original document to be presented. (FINTRA 2003, 70.)

On a sea waybill, the consignee is named, thus the consignee has to only identify him or herself for delivering the goods, and no original documents are needed. Therefore sea waybill cannot be issued “to order”. It can be issued as a blank back, only referring to the terms and conditions of carriage of the goods, or then they can be printed on its back. However, the sea waybill is not acceptable for carriage of neither live animals nor deck cargo, because it serves only as a substitute and as simplification of bill of lading. Because the sea waybill does not bear the feature of being document of title, it is not accepted by banks in case of documentary credit. Mostly sea waybills are used in liner shipping and can be used in combined transport or multimodal transport. (Website of Maritime Knowhow 2013.)

Only one original sea waybill is delivered to the shipper (Website of Kuljetusopas 2013). Sea waybill have to include information about the description of goods, terms and conditions of the carriage of goods, shipper, consignee and carrier, freight and the costs that the consignee have to bear. It is possible for the shipper to change the consignee during the shipment; however it would require that the shipper has not given up this entitlement to the carrier. (Pasanen 2005, 294.)

If the purchase is not done in terms of documentary credit or there is no need to sell the goods while in transit, the sea waybill is a good solution for a transport document. The consignee does not have to wait for the original documents to arrive, after going through a complex checking process, which bills of lading are mostly exposed.

Also the shipper will stay in charge of the goods, until giving instructions about the consignee. (Pamel & Wilkins 2011, 2-3.)

#### 6.4 Telex Release and Express Release

In spite of *Telex Release* and *Express Release* are not alternative transport documents, they ought to be mentioned. With telex release the cargo can be released to the consignee without the consignee presenting physically an original bill of lading at the port. The original bill of lading will be issued, but after the shipper has surrendered the originals back to the agent or shipping line, they will send a message forward, that the goods can be released at the destination port. Benefits of telex release are that it will reduce mailing and storage costs and saves time. With express release there will not be bill of lading issued at any point, mostly because express release is used for example in cases where there is a strong business relationship between the parties and no need to secure the payment. (Website of PNG Logistics 2014.)

## 7 ALTERNATIVE WAYS OF MANAGING THE BILL OF LADING

There are a lot of phases before the bill of lading is issued. However, the whole process starts when the seller of the goods, the shipper, will make a reservation of space in a vessel from the freight forwarder. After the space has been booked the shipper shall receive a booking-note, which is a pre-agreement of the delivery and includes reference to the terms of bill of lading. At the time of shipment the goods has been already delivered to the shipping line, which will issue a mate's receipt, after inspecting the cargo. The bill of lading will be based on the mate's receipt and the forwarding instructions, provided by the shipper. Draft will be issued by the shipping line and later on checked by the forwarder or the shipper. After the approval of the draft the originals will be issued. (Jimenez 2012, 196-197; Melin 2011, 202-203; Website of Savannah Freight 2014.)

There are different kinds of technical solutions, which can be used to support and ease the processes of creating and checking the bills of lading. These are called shipping portals. They are web-based communities, which enable communication between different parties of the transport chain. Through these portals the customers are able to book shipments, give shipment instructions, distribute information and documents and track shipments. (Website of United Nations Economic Commission for Europe 2013.)

For example INTTRA is an e-commerce platform, a multi-carrier network for ocean shipping. It is the world's largest with 40 leading carriers, e.g. CMA CGM, CSAV, MSC Mediterranean Shipping Company S.A., Hamburg Sud, Maersk Line and Hapag Lloyd. 21 % of world's ocean container trade is initiated through INTTRA platform each week. In INTTRA the customer is able to plan, book and manage the shipment. INTTRA offers a bill of lading solutions set, with what the forwarders and shippers are able to standardize the documentation process. It enables viewing, editing, approving of the bill of lading and includes all shipment details. (Website of INTTRA 2013.)

Then there is also GT Nexus, which is a cloud-based supply chain platform, everything happens on-demand, over the Web. This operating system enables the analysis, management and finance of the supply chain, all from documentation to planning and to comparing parties related to the supply chain. With GT Nexus Shipment Execution solution, customer is able to book the shipment and provide bill of lading instructions forward. Later on the bill of lading can be created, manifested, approved and printed out. (Website of GT Nexus 2013.)

CargoSmart Limited then again is software as a service, which enables its customers to improve and automate their shipment management processes. For example with CargoSmart's Bill of Lading Document Manager, the customer can view bill of lading drafts, ask changes, receive them by email, distribute and print out the original and copies of bill of lading. Cargo Smart has different Documentation Solutions with what the customer are able to transfer, advice and create all kinds of export documents needed. (Website of Cargo Smart 2013.)

## 8 RESEACRH IMPLEMENTATION

### 8.1 Selection of the research approach

One is ought to select an overall research approach, also referred as methodology, whenever one is working within qualitative and quantitative terminology. What it is to be investigated, a question, problem or hypothesis, is determined when the researcher chooses the form of inquiry. (Lapan, Quartaroli & Riemer 2011, 10.)

Mostly when a research is conducted, the goal of it is to find an answer to a question or a solution to a problem. Whatever answer is obtained it will be translated in a form of findings or reports which may lead for possible practical decisions. Findings of this kind of a study can be presented in the form of word, but numbers are also used as in tables and charts. Whenever the primary reporting is implemented in words, the result of analysis is qualitative data, acquired with such collection methods as interviews, long-answer questionnaires and field notes. (Lapan, Quartaroli & Riemer 2011, 10.)

This research was conducted as a qualitative research by applying the methods of a case study. Even though the methods of a case study are mostly conducting an interview or gathering information by observation, the method used to gather data in this research was online-questionnaire (Appendix 4). The questionnaire included multiple choice questions and open questions. The multiple choice questions were designed so that the basic information of the answerers could be gathered and so that some of the data could be compared to one another. The open questions were designed so that the answerer is able bring out his or her own opinions without the question leading the possible answer too much. Most of the questions being open questions made it able to identify the used research method to be a case study, even though face-to-face interviews did not take its place.

The selection of the research approach was clear to me due to the practical training period I had at Sachtleben Pigments. I had previous knowledge about which people are operating with the export documents and especially with the bill of lading. The

approach was narrowed down to logistics operators and sales assistants whose area of responsibility included country/countries from Asia, Africa and/or Latin America, due to the fact that bills of lading are still most commonly used trade document when trading to these areas.

One of the reasons why the research was conducted in a form of questionnaire was the location of answerers. Even though I would have had the possibility to interview logistic operators and sales assistants located in Pori, it would have affected to the results of the gathered data, and because I did not have the possibility to interview the logistics and customer service and order management people in Duisburg or Krefeld.

The questionnaire was designed so that it would be as comprehensive as possible. As I had some knowledge, because I had been part of the processes, the questions were formed based on the experience and the theory that I had searched of bill of lading. When forming the questions I already thought of possible places where the difficulties with bills of lading could evolve, therefore I added questions concerning phases before anyone issues the bill of lading. Also the contact information was requested so that I could have taken contact if some specifying questions arose.

The questionnaire was conducted in an e-form, so that the respondents could answer to the questionnaire whenever and where ever. The link to the questionnaire was send with a preface to the Pori logistic operators and sales assistants from my personal work email and for the logistics and sales assistants located in Duisburg and Krefeld, the link and preface was forwarded by Sachtleben's Customer Service Director.

## 8.2 Data collection and analysis

The collection of the data started already in the beginning, as I made my own research about the subject of bill of lading for the project plan and planning seminar. The collection of the data and my personal learning process started early, as I decided to conduct the questionnaire before the end of November 2013, because that's

when my practical training at Sachtleben Pigments became to its end. The questionnaire was formed and designed by the information I gathered from different sources and from the previous knowledge I had of the processes.

The data collected for this research were mainly from books, internet articles, blogs, videos, professionals', associations' and commissions' websites. Books that were used were selected to be as up to date as possible, thus they can be seen as very reliable source of information. The data on the internet is updated more frequently than the books are thus the data collected from different websites can be seen reliable and up to date. Also the used websites were carefully selected. Finding suitable, up to date and diverse sources was my goal, when I started gathering the data. I believe that I have managed to do so and even though the subject was hard and the literature or other sources did not provide me all data in a form that I would have preferred, I am quite satisfied with the theoretical part.

The data gathered from the questionnaire was analyzed after the theoretical part of thesis was written, even though the questionnaire had been conducted well before. I did not want the answers to influence on my writing process of the theoretical part, so I left the research findings as they were until I finished the theory. Firstly when I started to analyze the answers, I focused on creating the process descriptions. As I had made sketches of the process descriptions I started finding out differences. Secondly I analyzed the difficulties that had emerged. The analyzed results were presented to Sachtleben's Customer Service Director and Senior Sales Assistant in the end of January 2014 and they were satisfied with the results.

### 8.3 Quality assessment

The sources used in this thesis, can be considered reliable and diverse. The subject was researched from many different sources and the composed theory is not only dominated by few good books. By various sources, I was aiming to compose a theory based on different aspects and situations. The books are all rather recently published, thus we shall not doubt their reliability nor do we doubt the reliability of the internet sources as most of them are from professionals', associations' and commissions'



websites. The respondents of the questionnaire were carefully selected and even though everyone did not answer, the quality and amount of data was satisfying. In my opinion I tried to be as objective as possible when analyzing the data and creating the recommendations. However, it is a possibility as I have been working with this subject in the case company, that my objectivity might have been affected by my earlier knowledge.

The results from the questionnaire were intended to be explained and described as well as possible. This adds the validity of this research as well as the chosen research method. The method used was the best solution under the circumstances where the respondents were located in different countries and production sites. The results of this thesis can be mainly used only by Sachtleben. Still, the theoretical part of this thesis can be very useful also to other companies or even for a private person as a source of information and the results can be utilized with some modifications if wanted.

## 9 RESEARCH FINDINGS

### 9.1 Process descriptions

In the following two sections the research findings from the conducted questionnaire has been modified into two different bill of lading inspection process descriptions. To avoid confusion, the material delivered from Pori is referred as Pori site and Duisburg and Krefeld are unified under the name of Duisburg site, because the way of functioning in these two factories are close to each other.

The total of received answers to the questionnaire was 11. Five of the answers were received from the sales assistants located in Duisburg, two from the sales assistants located in Pori and four from the logistic operators located also in Pori. Even though there were no answers received from Krefeld or Duisburg logistics, the result was quite comprehensive because the sales assistants fulfilled the information gaps needed. I keep this amount of answers fairly good, as the total number of respondents

whom the questionnaire was conducted to, was already small. The size of the target group was 24. This is due to the limitation of answerers to logistic operators and sales assistants according to their area of responsibility.

The responsibilities are divided to each logistic operator and sales assistant by country/countries. The sales assistants are responsible of customer service and order management whereas the logistic operators are responsible of arranging the transportation of the goods and executing the export documents. Sales assistants process the order independent of which production site the product is produced, whereas e.g. logistics operators located in Pori take care of the deliveries leaving from Pori site. Sachtleben uses forwarder services, but executes all of its export documents, excluding the bill of lading.

### 9.1.1 Pori

The process of inspecting the bill of lading starts when the first bill of lading draft is received for checking. However, to remark some of the phases affecting on the issuing of the bill of lading, are shown in the grayed area of Figure 2.

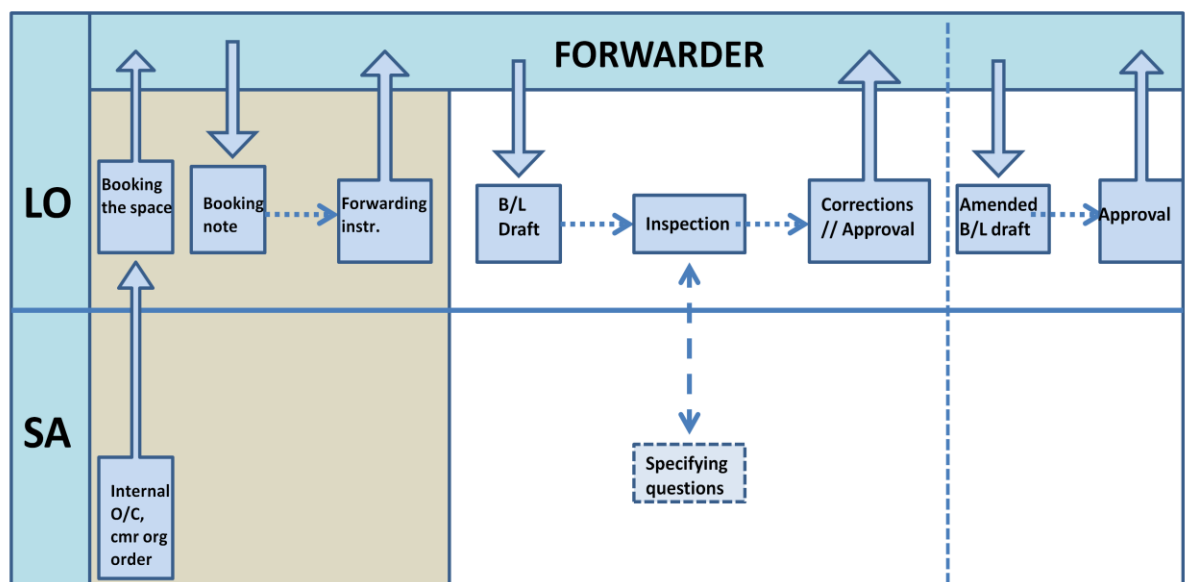


Figure 2. Aaltonen, J. 2014. Bill of lading inspection process description Pori site.

After the sales assistant has received the customer's order and the order has been processed accordingly into the SAP-system, the sales assistant will provide to the

logistic operator an internal order confirmation through the system and a copy of customer's original order. The copy is sent because the logistic operators at Pori site wish to check and compare the correctness of the information on the internal order confirmation, e.g. dates. After the logistic operator has received the internal order confirmation he/she will book the space on a vessel for the delivery of the goods from the forwarder. At this phase the logistic operators provide basic information for the shipment. They provide Estimated Time of Shipment, Estimated Time of Arrival, preferred shipping company if possible, amount of goods and containers, destination, container size and if there are other special request or requirements for the shipment.

After providing this information for the forwarder, the logistic operator will wait for a booking note from them. When the booking note is received, the logistics operator will update the order in SAP-system according to the information provided about the shipment. After a while, when becomes the date of loading and the goods have been loaded at the site, the logistic operator will make the customs declaration. After declaring the goods, he/she will provide the Forwarding Instructions for the forwarder. These instructions include vital information for issuing the bill of lading. The instructions are based on the information and instructions on the internal order confirmation, and are given in a separate form.

When providing the instructions the logistics operators mostly use the same instructions as in last shipment, if it is a case that the customer is ordering goods regularly. Anyone of the logistic operators, who answered to the questionnaire, does not provide the instructions by typing them manually. All of them, on the other hand use sometimes the "copy-paste" –method when providing the instructions. However, it was additionally pointed out that even though they do not provide the instructions manually, there are e.g. changing information in the information that the forwarder has provided, which ought to be change also manually into the instructions by the logistic operator.

When the process of inspecting the bill of lading starts, it is quite simple at Pori site. The forwarder will issue the bill of lading draft according to the instructions given from Pori. After the bill of lading draft is issued, the logistic operator will receive it for inspection. It was pointed out that even in a case of letter of credit, the logistic

operators in Pori, do not send the bill of lading to the bank for inspection, they do the inspections by themselves. If the logistic operator notices that he/she does not have all the relevant information for inspecting the bill of lading, additional questions will be asked from the sales assistant.

It was pointed out couple of times by some of the answerers that, when the instructions for bill of lading have been made carefully, it does not take long to inspect the bill of lading. The instructions also support detecting the mistakes or the lack of information on the bill of lading. Whether the bill of lading is found out to be correct and there are no corrections or information to be added on it, the approval will be sent onwards to the forwarder. Later on the forwarder will issue the original bill of lading, which is according to the approved bill of lading draft.

However, if mistakes, lack of information or other faults are detected on the bill of lading draft, the asked corrections will be sent further on to the forwarder. After a while the logistic operator receives an amended bill of lading draft for inspection. In this stage all faults ought to be corrected and the bill of lading draft should be correct. If so the logistic operator will sent his/her approval of the amended bill of lading draft to the forwarder but if the bill of lading is still not correct, the same circle will go around again and the needed corrections will be asked.

### 9.1.2 Duisburg

In the following section the bill of lading inspection process of Duisburg site has been introduced and described in figure 3. The phases before issuing the bill of lading have not been introduced due to repetition and the reason that none of the logistics people of Duisburg nor Krefeld responded to the questionnaire. However, it was brought up in the meeting in the end of January 2014 that the phases before issuing the bill of lading do not differ significantly from each other.

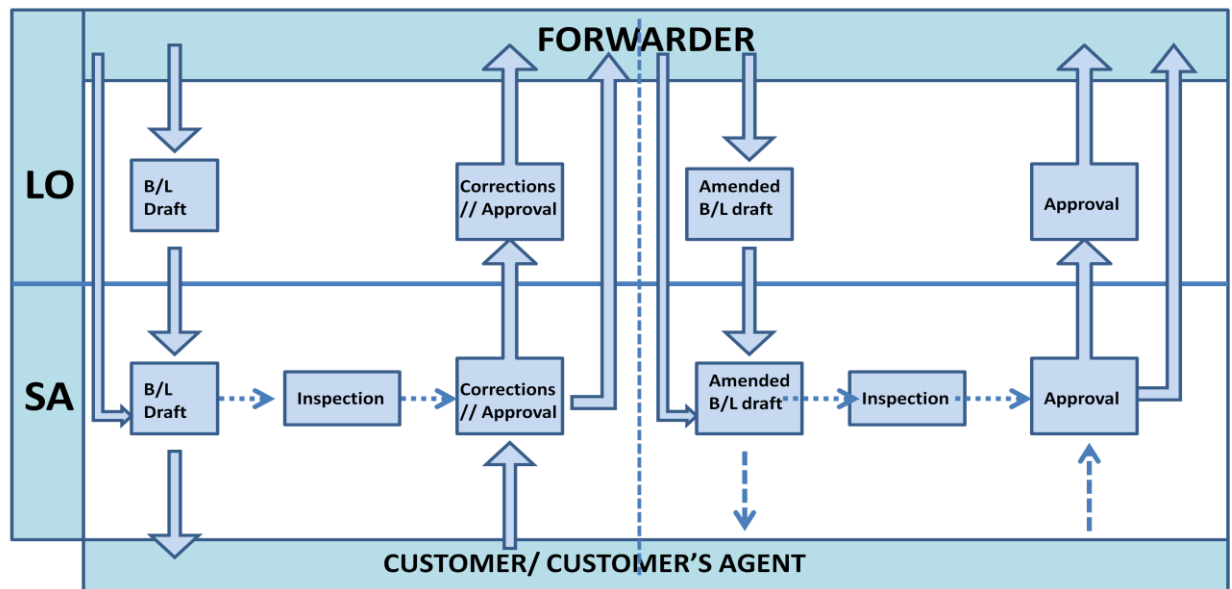


Figure 3. Aaltonen, J. 2014. Bill of lading inspection process description Duisburg site.

The process starts when the forwarder has issued the bill of lading draft and the representative will send it onwards to the responsible logistics operator. The logistic operator will then send it further on for the sales assistant. The sales assistant ought to inspect the bill of lading accordingly and if he/she detects mistakes, faults or missing information, he/she will forward the requested corrections to the logistic operator. The logistic operator then again forwards the requested corrections to the forwarder. After a while the logistics operator ought to receive an amended bill of lading draft which will be sent onwards to the sales assistant to inspect. Whether the amended bill of lading is correct or includes mistakes, the sales assistant will send his/her approval on the bill of lading or requests for corrections. If the bill of lading draft still needed corrections to be done, the second time amended bill of lading draft will come through the logistic operator, to sales assistant and back again.

However, apparently it is not unusual that the forwarder sends the bill of lading draft straight to the sales assistant. The sales assistant inspects the bill of lading draft normally and then sends the possible request for corrections or the approval to the forwarder. After the forwarder has made the amendments to the bill of lading draft, the sales assistant should receive the amended bill of lading. Again he/she will inspect it and depending on the contents of bill of lading, is it correct or still has some mistakes; the sales assistant either sends the approval or request for corrections.

It was brought up that some customers wish to inspect the bill of lading draft by themselves. In such a case the bill of lading draft may come from the forwarder, through the logistic operator to sales assistant and from the sales assistant it will be send onwards to the customer itself or to the customer's agent. The customer's agent or the customer itself inspects the draft and requests for corrections from the sales assistant if they are needed. The sales assistant then again sends the request for corrections onwards, either through the logistic operator or straight to the forwarder.

In the case of Duisburg site, the inspection process depends who forwards the bill of lading to whom. It was brought up, that whoever has sent the bill of lading draft to the sales assistant, and to that person shall the sales assistant also send the approval or request for corrections. However, the outcome of both processes is the same; after the bill of lading draft has been approved the forwarder ought to issue the original bills of lading.

When talking about a shipment where the used payment term is letter of credit, it was brought up that in this case the sales assistant tend to send the bill of lading into the bank for an inspection. The sales assistants who gave their answer that they are sending the bill of lading draft to the bank, were from Duisburg site.

## 9.2 Differences between the processes

The main difference between the processes is that who inspects the bill of lading. When we are talking about a shipment which leaves from Duisburg or Krefeld, the sales assistants inspects the bills of lading drafts, whereas in a case of shipment leaving from Pori, the responsible logistic operator inspects it. As in Duisburg case the logistic people do forward the instructions about the bill of lading to the forwarder, thus making it natural to the forwarder to send the bill of lading draft whoever has given the instructions. However, in this case the bill of lading draft only goes through the logistic operators email until it is forwarded to the sales assistant to check.

Still even that is not always the case, because supposedly depending on the logistics operators instructions the bill of lading draft can be sent straight to the sales assistant. Still the process can still continue, if the draft is sent to the customer's agent or customer himself. Sending the draft anywhere else for inspection was not recognized by the logistics operators responsible for Pori products. Not in a case of letter of credit or even for the customer's agent or customer itself.

Even though I did not receive the answers to the questionnaire from Duisburg nor Krefeld logistics people, it was clearly mentioned by the other respondents that, one of the differences between Pori and Duisburg, were that the logistic operators do not receive copy of the customer's original order from the sales assistant. This is however, apart from the inspection process, thus only affects on the phases before issuing the bill of lading e.g. to the forwarding instructions.

### 9.3 Difficulties emerged

In this research it was solved what kind of problems or difficulties the logistics operators and sales assistants have had with bills of lading. One difficulty that was especially mentioned several times by the answerers was the typing mistakes on bills of lading. These mistakes are mostly typing errors that come into existence when issuing the bill of lading or even when the instructions for bills of lading are made. The bills of lading often include totally wrong information or some information is completely missing. For example the material, gross weights, container and seal numbers, consignee and notify information are often wrong or the information can be old.

In some case the difficulties have also evolved when the incorrect version of the bill of lading has been sent to the customer as an original bill of lading for some reason. Here for it has also created problems with the customs and with the clearing of the goods.

Difficulties have emerged due to the delay on the draft and the original bill of lading. The draft bill of lading is received sometimes quite late for checking and thus it makes it difficult to respect also the manifest closing time. There are also cases

where the customer wants to check the bill of lading themselves and with a short timetable this wish cannot always be fulfilled. In some cases the original bills of lading are late, thus making delay in sending all of the export documents onwards.

It was estimated that the problems and difficulties occurred occasionally in most of the answerers' point of view. However, there were differentiating opinions as one answerer estimated the problems and difficulties occurred almost with every shipment and in another answerers point of view they occurred mostly when using certain shipping company, for example MSC Germany. Three of the answerers separately indicated that problems and difficulties especially occur when delivering to Brazil.

### 9.3.1 Time consumed

The time gap between the estimations were great, when it was asked that how much the logistic operators and sales assistants would estimate the time consumed to solve and correct the difficulties and/or the mistakes in bills of lading. The gap was between few minutes to some days, but it depends a lot.

It was brought up, that even though the checking of bill of lading draft would not take long, only 5 minutes for example, in some cases the bill of lading draft had to be checked from two to three times. This is because the corrections are sent to the forwarder and they will send back the amended draft, so that it can be checked again. If the draft has still some faults, it will be sent back to the forwarder and the treadmill continues. Even though the bill of lading draft would have had only one mistake that had to be amended, the bill of lading has to be proofed again and this phase was seen as unnecessary wasted time in some of the answerers' point of view.

As the bill of lading draft checking includes email exchanges between the parties, it was estimated that in the worst case it can take more than a half working day to write emails for the parties involved. But for better case scenario it was estimated that it might take 30 to 60 minutes total, including the checking and the email exchanges. According to the findings approximately every answerer inspects 5 to 8 bills of lad-



ing in a week. In worst case solving the problems can take weeks altogether, whereas in best case only to 3-6 hours per week.

If the difficulty or problem with the bill of lading already has the customer involved, it was stated that the time consumed to solve the situation was dependable on the customer. With some of the customer it is pretty easy to solve the problem whereas with some of the customers the problem solving is little bit more complicated. However, no further details were given.

One of the logistic operators who answered, was referring to the mistakes on bills of lading and the time consumed to correct them, brought up that when the instructions and other preparations for bill of lading has been made carefully, it will not take a long time to check the bill of lading and detect the mistakes on them, if they occur.

### 9.3.2 Common mistakes

The most common mistakes that are detected from the bills of lading are all kinds of typing errors, missing information or totally wrong information. Common mistakes found on bills of lading are the following:

- wrong product description
- typing mistakes or totally wrong Consignee party
- typing mistakes or totally wrong Notify party
- faulty contact details
- wrong container and seal number
- mistakes on shipping marks
- wrong gross weight mentioned
- wrong package sizes
- missing or wrong VAT-number
- vessel name
- additional information missing or wrong, e.g. “800 paper bags a 25kg on 20 pine wooden ISPM 15 pallets shrink wrapped” or the NCM –code

The mistakes, which were mostly noted, were the mistakes on the Consignee and Notify parties, wrong gross weight and wrong product description.

### 9.3.3 Causation and solutions

To solve the possible causation, it was asked in the questionnaire that how the possible problems or difficulties have affected. Mostly the answerers pointed out the problems evolved with customs. For example when the original bill of lading includes mistakes, the customer is unable to clear the goods at customs, which creates surcharges for the Sachtleben to pay. It was also pointed out that whenever changes or corrections have to be made on the bill of lading after the manifest closes, it creates extra costs. Sometimes the difficulties might even lead to late shipments. One of the answerers disclosed that sometimes it is more difficult to get everything correct on the bill of lading on time due to even shorter delivery times to the destination.

However, most of the difficulties and problems have been resolved, when the bill of lading draft has been received for inspection. After the inspection wanted corrections are sent onwards to the forwarder and the corrections are made on the bill of lading before issuing the original ones. Still, in some of cases where the problems have occurred, they have been solved with money, e.g. when the manifest has already been closed.

In some cases the problems can be solved in cooperation with logistics and the forwarder, but depending on the problem some special arrangements can be done. For example in some cases change of the bill of lading is made at the port of destination or the express release is done. Sometimes the original bills of lading are delivered directly to the Sachtleben's bank, instead of sending them through Sachtleben, in order to save time. In some cases the problems are solved also with the help of the customer.

In the questionnaire it was also solved how often the logistic operators and sales assistants have been in a situation where a letter of indemnity had to be issued. Only couple of the answerers has these kinds of situations once or few times in a year

whereas most of the answerers are in such a situation very seldom. One of the answerers noted that last time was 10 years ago and another noted that these situations takes its place perhaps once in a 15 years.

#### 9.3.4 Prevent from occurring

In the questionnaire, it was asked from the logistic operators and sales assistants, what they predict that could be done to prevent the difficulties in the use of bill of lading. Most of the answerers referred to the forwarder. The suggestions were that the forwarder ought to inspect the bill of lading draft before sending it onwards, to have a second look when issuing it and that the forwarder ought to read the instructions given from Sachtleben more closely.

Even though it seemed that the blaming finger was pointed towards the forwarder, it was also recognized by some of the answerers that the difficulties can evolve a lot deeper and that even Sachtleben might have something to improve. It was estimated by one of the answerer's that the due to the need to have as low costs as possible the company might be economizing also the experts. Also the communication between company's logistics and the forwarder was brought up as an area that ought to be improved.

#### 9.4 Conclusion of the findings

The processes of inspecting the bill of lading differ quite a lot from each other when comparing the Pori and Duisburg sites. However, the main idea behind them is the same. In order to ease the processes by unifying them or by making ground set of rules or share the responsibility of checking the bills of lading to named persons, could do that. Even though there are time consuming phases especially in the Duisburg bill of lading inspection process, these can be reduced. The research findings indicate that one of biggest differences between Pori and Duisburg is the involvement of exterior people. In Duisburg case customer, customer's agent or bank is more involved into the process of inspecting the bills of lading. In such cases the re-

sponsibility of approving the bill of lading is transferred, which in some cases can be seen advantageous, but on the other hand it is more time consuming.

According to the research findings, the difficulties emerged are the same and thus undependable on the location of the site. As in some cases the inspection process is quite time consuming and when most of the answerers are inspecting different bills of lading from 5 to 8 times per week, solutions to ease the process and decrease the time consumed are needed. However, the research findings also indicate that Sachtleben has good relationships with its customers and the forwarder, as with their help some of the difficulties have been resolved. This shall be mentioned, even though the daily communication between the forwarder and Sachtleben should be improved.

## 10 RECOMMENDATIONS

### 10.1 Advantage of technical solutions

According to the research findings and the data gathered for the theoretical part, I shall recommend Sachtleben to take the advantage of the technical solutions introduced. INTTRA, GTNexus and CargoSmart are able to offer easy solutions to facilitate the processes related to the bill of lading. The instructions given for the bill of lading are easy to pass forward and according to the instructions the forwarder is able to issue the bill of lading a lot easier. As the instructions are in the same platform where the bill of lading is issued, the possible errors should not arise as much as when the instructions are in a separate form.

Also the technical solutions enable logistics operators and sales assistants to inspect the bill of lading and forward the request for corrections online. This will eliminate the email exchanges and passing the request onwards from one person to another. The requests will go straight to the responsible person, who is ought to correct the bill of lading. Afterwards the amended bill of lading can be also approved through the platform.

Because the current system that Sachtleben has, include a lot of email exchanges, different phases and personnel, the processes are prone to mistakes and difficulties. INTTRA, GTNexus and CargoSmart all offer sustainable new systems to carry out all kinds of processes related to exporting.

## 10.2 Unifying the processes

As the process descriptions, created according to the research findings, indicated the processes of inspecting the bill of lading differ between the sites. The greatest difference is with who actually inspects the bill of lading. In Pori case it is the responsible logistic operator, whereas in Duisburg it is the responsible sales assistant. One matter easing the process of inspection and also issuing the bill of lading would be unifying the processes.

Sachtleben would have to either create a whole new way of conducting the process or use one of the existing processes as a basis for the unification. However, as a development recommendation, I would like to emphasize that in my opinion the one forwarding the instructions for bill of lading to the forwarder ought to also inspect the bill of lading. Even though the basis for the instructions comes from the internal order confirmation, the one giving the final instructions forward is the logistic operator. According to the information responsibility the one giving instructions and descriptions of goods, which are inside a container or similar and the forwarder is not able to check the contents of it, is responsible for the information given. Naturally the one giving that information would also be the responsible one to inspect the information on the bill of lading.

Unifying the processes would not only ease the process but also make it clearer to the personnel within it. Unification could also create more a sense of unity between the personnel, regardless of the location of site.

### 10.3 Alternative transport documents

What I would recommend for Sachtleben to do is to take a look in to the possibility of using alternative transport documents instead of a normal bill of lading. For example changing the normal bill of lading to blank bank or short form bill of lading, could already reduce the time consumed because it simplifies the process of issuing which also affects on occasionally occurring delays of bills of lading. Also telex release and express release are recommended.

If some of the recommended shipping portals would be taken in to use at Sachtleben, it would also enable taking into use the electronic bill of lading. The electronic bill of lading can be easily issued, manifested, amended and approved online and later on forwarded also to the customer. Electronic bill of lading would also improve the security matters, as the risk of the bill of lading getting lost would be eliminated. Most likely when using the electronic bill of lading, there won't be such situations where the goods have already arrived at the destination but the bill of lading has not.

When the goods are not sold under the terms of documentary credit or the goods are not intended to be sold while in transit, Sachtleben should consider using the sea waybill. Because the sea waybill is not a document of title, there is no need for the original document to be presented at destination. The named consignee only has to identify his or herself in order to get the goods. This again would clearly eliminate the risk of the document getting lost and would save time and money. The sea waybill could serve Sachtleben well as substitute and as simplification of bill of lading.

Overall decreasing the use of bills of lading should be considered and discussed with the customers. Even though it is recognized that exporting to some countries or to some customers cannot be done without reassuring the payment, the possibility should be investigated. When the bill of lading is taken out of use with the customer, it can create and show more trust on the relationship between the seller and the buyer.

#### 10.4 Instructions

I shall not separately recommend to use either “copy-paste” –method or to type the instructions manually as there is always a possibility of human errors. However, what I would like to emphasize is the role of the copy of customer’s original order sent onwards to the logistics operators by the sales assistants. As it was mentioned in the research findings, some wants to check the information, dates or other specifications from it. If the copy of customer’s original order would be forwarded in every case to the logistics operators, it might reduce the mistakes on the instructions given to the forwarder and a double check of the vital information would take its place.

#### 10.5 Communication

As mentioned already in research findings, the communication between the company’s logistics and the forwarder ought to be improved. However, this should also happen within the company and with the customers and their agents too. By sharing more actively information onwards, it shall over time improve the communication between every party. If the needed information is not provided one is ought to ask for it and explain the reasons why this information is needed. Improving the communication can seem to be mission impossible, but overtime and with everyone’s effort within the company, it should improve.

#### 10.6 For further studies

I would recommend reading a few studies already made for Sachtleben. One of the studies is *Introduction of INTTRA e-commerce platform utilization in Sachtleben Pigments Oy* conducted by Mari Uusluoto and another one is *Sales order handling and logistics processes in Sachtleben Duisburg and Pori sites* by Eeva Lindfors. Both of these studies will give a little bit more insight of Sachtleben, how the INTTRA could be utilized and in what kind of processes the process of inspecting the bill of lading is within. Studies can be found on [www.theseus.fi](http://www.theseus.fi).

For further studies on bill of lading subject I recommend to study the same subject but from forwarder's side. The study could focus more on the process of issuing and correcting the bill of lading, but could also bring up the possible places where errors and difficulties come to existence. It would be very interesting to see if the blaming finger is pointed from forwarder's side to the shipper's side.

## 11 FINAL WORDS

The objectives of this project were to find out solutions how the mistakes on bills of lading could be reduced on Sachtleben's side and to describe the inspection processes of bills of lading. The research questions were set to find out about the nature of bill of lading, difficulties involved into it and who processes it. The objectives of this research were accomplished and the set research questions were answered quite well.

As discovered from the research findings, Sachtleben clearly has its problems with bills of lading and the inspection processes. However if the recommendations given are taken into action, these difficulties can be decreased. Most probably the unification of the processes will happen in the future, as the whole company is still searching for unified way of functioning between the new sites. Changing the processes or taking a new platform in use will not happen overnight nor even in a year, but matters done to improve the communication, clarifying the share of responsibilities, negotiations with customers about other transport documents and so forth, can already be done.

This research was from the start, in a good way, a challenge for me. I set some basic goals during the writing process. I wanted to invest good and diverse sources of information and not to be satisfied with few goods books or internet sites. First I struggled and consumed quite a lot of time with my research plan, but during the writing process I noticed that work well begun is half done, meaning that I had it clear what I wanted to include in my text and why. I am also quite content of the research findings and the outcomes of my analysis, even though more answers could have brought



different perspectives and opinions. If I would start this project again, I would do the questionnaire more carefully and give it more thought. I would change phrasing a little and might leave some of the questions out. Altogether, this process was a learning experience for me as I gained a lot more knowledge of this subject than it is written in this report.

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APPENDIX 1

		<b>BILL OF LADING FOR OCEAN TRANSPORT OR MULTIMODAL TRANSPORT</b>	SCAC MAEU B/L No. 855230418
Shipper A.I.P.E.P. ASOCIACION INTEGRAL DE PRODUCTORES ECOLOGICOS DE PUMIRI AV. JUAN PABLO II NO 2926 EL ALTO TEL / FAX 2-846310		Booking No. 855230418	Svc Contract 182020
Consignee (negotiable only if consigned "to order", "to order of" a named Person or "to order of bearer") COOPERATIVE COFFEES, INC. 302 W. LAMAR ST. SUITE E AMERICUS, GA 31709 USA TEL. +1-229-924-3035 FAX +1-229-924-6250 ATTN: BILL HARRIS		Notify Party (see clause 22) COOPERATIVE COFFEES 302 W LAMAR STREET SUITE E AMERICUS, GA 31709 USA TEL (229) 924-3035 ATTN. BILL HARRIS	
Vessel (see clause 1 + 19) MAERSK RIO GRANDE	Voyage No. 0764	Place of Receipt. Applicable only when document used as Multimodal Transport B/L. (see clause 1)	
Port of Loading Arica	Port of Discharge Newark	Place of Delivery. Applicable only when document used as Multimodal Transport B/L. (see clause 1)	

**PARTICULARS FURNISHED BY SHIPPER**

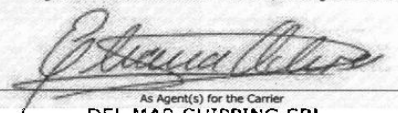
Kind of Packages; Description of goods; Marks and Numbers; Container No./Seal No.	Weight	Measurement
1 Container Said to Contain 275 BAGS  OF 70 KG. NET BOLIVIA WASHED ARABICA COFFEE PRIMERA ORGANIC, CROP 2007 ICO 113-2 INVOICE COMERCIAL No. 0055 POSICION ARANCELARIA: 09011190 000 FDA 11923540592  NA MSKU3962723 ML-SA2906590 20 DRY 8'6 275 BAGS 19470.00 KGS SHIPPER'S LOAD, STOW, WEIGHT AND COUNT	19470.00 KGS	

particulars as declared by Shipper, but without responsibility of or representation by Carrier (see clause 14)

Freight & Charges	Rate	Unit	Currency	Prepaid	Collect
Basic Ocean Freight	1500.00	Per Container	USD		1500.00
Bunker Adjustment Factor	0.00	Per Container	USD		0.00
Chassis Usage	0.00	Per Container	USD		0.00
Documentation Fee - Destination	0.00	Per Bill of Lading	USD		0.00
Handling Charge - Destination	0.00	Per Container	USD		0.00
Emergency Bunker Surcharge	0.00	Per Container	USD		0.00
Documentation Fee - Origin	0.00	Per Bill of Lading	USD		0.00

Carrier's Receipt (see clause 1 and 14). Total number of containers or packages received by Carrier. 1 container(s)	Place of Issue of B/L La Paz	SHIPPED, as far as ascertained by reasonable means of checking, in apparent good order and condition unless otherwise stated herein, the total number or quantity of Containers or other packages or units indicated in the box entitled "Carrier's Receipt" for carriage from the Port of Loading (or the Place of Receipt, if mentioned above) to the Port of Discharge (or the Place of Delivery, if mentioned above), such carriage being always subject to the terms, rights, defenses, provisions, conditions, exceptions, limitations, and liberties hereof (INCLUDING ALL THOSE TERMS AND CONDITIONS ON THE REVERSE HEREOF NUMBERS 1-26 AND THOSE TERMS AND CONDITIONS CONTAINED IN THE CARRIER'S APPLICABLE TARIFF) and the Merchant's attention is drawn in particular to the Carrier's liberties in respect of on deck stowage (see clause 19) and the carrying vessel (see clause 19). Where the bill of lading is non-negotiable the Carrier may give delivery of the Goods to the named consignee upon reasonable proof of identity and without requiring surrender of an original bill of lading. Where the bill of lading is negotiable, the Merchant is obliged to surrender one original, duly endorsed, in exchange for the Goods. The Carrier accepts a duty of reasonable care to check that any such documents which the Merchant surrenders as a bill of lading is genuine and original. If the Carrier complies with this duty, it will be entitled to deliver the Goods against what it reasonably believes to be a genuine and original bill of lading, such delivery discharging the Carrier's delivery obligations. In accepting this bill of lading, any local customs or privileges to the contrary notwithstanding, the Merchant agrees to be bound by all Terms and Conditions stated herein whether written, printed, stamped or incorporated on the face or reverse side hereof, as fully as if they were all signed by the Merchant. IN WITNESS WHEREOF the number of original Bills of Lading stated on this side have been signed and wherever one original Bill of Lading has been surrendered any others shall be void.
Number & Sequence of Original B(s)/L 2/THREE	Date of Issue of B/L 2007-10-04	
Declared Value (see clause 7.3)	Shipped on Board Date 2007-09-25	

Signed for the Carrier A.P. Moller - Maersk A/S trading as Maersk Line



As Agent(s) for the Carrier  
 DEL MAR SHIPPING SRL

This transport document has one or more numbered attachments

**LETTER OF INDEMNITY AND BANK GUARANTEE**  
(Undertaking for issuance of duplicate original bill of lading)

To: \_\_\_\_\_

_____	_____	_____
Name of Vessel	Voyage No.	Bill of Lading No. and Date

Shipper \_\_\_\_\_

Consignee \_\_\_\_\_

_____	_____	_____
Port of Loading	Port of Discharge	Place of Delivery

CIF Invoice Value of Goods: \_\_\_\_\_

Description of Goods \_\_\_\_\_

We desire and request that you issue for the above-described shipment to the undersigned Indemnitor or to its order, a second set of original bill(s) of lading to replace the formerly issued first set which has been lost.

In consideration of such reissuance, we each hereby represent and warrant, with the knowledge and intention that such reissuance be made in reliance thereon, that (a) the undersigned Indemnitor is entitled to the possession of the goods and delivery thereof and no other person, firm or corporation is so entitled, (b) we have a financial interest in having the second bill(s) of lading issued as requested, and (c) we have full power and authority to make and issue this Undertaking, have duly authorized the persons executing the same on our behalf to execute and deliver it to you and the bank signatory hereto is not prohibited by law, by its articles or certificate of incorporation, or otherwise, from making and issuing the same.

Further, to induce you to issue a second set of original bill(s) of lading, and in consideration thereof, we hereby jointly and severally undertake and agree as follows:


1. To use our best efforts to locate and produce the lost bill(s) of lading and thereupon promptly to deliver and surrender the same to you; and
2. to pay you on demand all freight, general average and/or other charges due on the above-described shipment without prejudice to or release of any liens thereon by virtue of this Undertaking or of such reissuance; and
3. to indemnify and hold you, the vessel, her owners, charterers, operators, master and agents harmless from all demands, claims, liabilities, actions and expenses, including legal expenses and attorney's fees, which may grow out of or be connected with such reissuance, and to pay all losses and expenses, including legal expenses and attorney's fees, which may result from any breach of representation, warranty or agreement herein contained; and
4. promptly on your demand, to enter our general appearance in any suit filed by another against you or any party protected by this Undertaking as a result of or pertaining to the issuance of a second set of original bill(s) of lading, hereby waiving any objection to the jurisdiction or venue of the court in which such suit is filed, and to defend, at our expense, all such suits filed by another; and
5. that the statements herein relating to the contents, quality, weight, number, marks and/or value of the goods and representations made by us to you shall in no way limit our liability hereunder;
6. provided that the liability of the undersigned bank hereunder covers 200 percent of the above inserted CIF INVOICE VALUE for a period of 30 months beyond date of issue of underlying Bill of Lading.

Executed this ..... day of ..... 20....., at .....

_____	_____
Bank	Party claiming issuance of second set of bill(s) of lading
By _____	By _____
Authorized Signature	Authorized Signature

X:\ITC\Web page HALO PERU\Inimos Comunicados\statos\2\Formatos y circulares\Indemnity\_for\_issuance\_of\_duplicate\_BL.doc

See website for large version of the reverse | Ver página Web para términos y condiciones | Смотрите веб-сайт для ознакомления с условиями перевозки | 网站的背面有详细资料 | www.mscedshipping.com

 <b>MEDITERRANEAN SHIPPING COMPANY S.A.</b> Website : www.mscedshipping.com SCAC Code: MSCU		<b>SEA WAYBILL No.</b> <b>NOT NEGOTIABLE - COPY</b> "Port-to-Port" or "Combined Transport" (see Clause 1)	
SHIPPER:  CONSIGNEE:  NOTIFY PARTIES: (No responsibility shall attach to the Carrier or to his Agent for failure to notify - see Clause 20)		NO. & SEQUENCE OF SEA WAYBILLS NO. OF RIDER PAGES  CARRIER'S AGENTS ENDORSEMENTS: (Include Agent(s) at POD)	
VESSEL & VOYAGE NO. (see Clauses 6 & 9)		PORT OF LOADING PLACE OF RECEIPT: (Combined Transport ONLY - see Clauses 1 & 5.2)	
BOOKING REF. (or) SHIPPER'S REF.		PORT OF DISCHARGE PLACE OF DELIVERY: (Combined Transport ONLY - see Clauses 1 & 5.2)	
<b>PARTICULARS FURNISHED BY THE SHIPPER - NOT CHECKED BY CARRIER - CARRIER NOT RESPONSIBLE (see Clause 14)</b>			
Container Numbers, Seal Numbers and Marks	Description of Packages and Goods (Continued on attached Sea Waybill Rider page(s), if applicable)	Gross Cargo Weight	Measurement
FREIGHT & CHARGES Cargo shall not be delivered unless Freight & Charges are paid (see Clause 16).		RECEIVED by the Carrier from the Shipper in apparent good order and condition unless otherwise stated herein the total number or quantity of containers or other packages or units indicated in the box entitled "Carrier's Receipt" for carriage subject to all the terms hereof from the Place of Receipt or the Port of Loading, to the Port of Discharge or Place of Delivery, whichever is applicable. IN ACCEPTING THIS SEA WAYBILL THE SHIPPER EXPRESSLY ACCEPTS AND AGREES TO, ON HIS OWN BEHALF AND ON BEHALF OF THE CONSIGNEE, THE OWNER OF THE GOODS AND THE MERCHANT, AND WARRANTS HE HAS AUTHORITY TO DO SO, ALL THE TERMS AND CONDITIONS WHETHER PRINTED, STAMPED OR OTHERWISE INCORPORATED ON THIS AND ON THE REVERSE SIDE AND THE TERMS AND THE CONDITIONS OF THE CARRIER'S APPLICABLE TARIFF AS IF THEY WERE ALL SIGNED BY THE SHIPPER.  Unless instructed otherwise in writing by the Shipper delivery of the Goods will be made only to the Consignee or his authorized representatives. This Sea Waybill is not a document of title to the Goods and delivery will be made, after payment of any outstanding Freight and charges, only on provision of proper proof of identity and of authorisation at the Port of Discharge or Place of Delivery, as appropriate, without the need to produce or surrender a copy of this Sea Waybill.  IN WITNESS WHEREOF the Carrier, Master or their Agent has signed this Sea Waybill.	
DECLARED VALUE (only applicable if Ad Valorem Charges paid - see Clause 7.3)	CARRIER'S RECEIPT (No. of Cntrs or Pkgs rovd by Carrier - see Clause 14.1)	SIGNED on behalf of the Carrier MSC Mediterranean Shipping Company S.A.	
PLACE AND DATE OF ISSUE		SHIPPED ON BOARD DATE	

Sea Waybill Standard Edition - 08/2009 TERMS CONTINUED ON REVERSE

(Website of Mediterranean Shipping Company 2014.)

## QUESTIONNAIRE

I'm Janette Aaltonen and I'm studying International Business in Satakunta University of Applied Sciences. I have been doing my practical training at Sachtleben Pigments Oy in Customer Service and Order Management since May 2013. This questionnaire will be part of the research for my Bachelor's Thesis. This is conducted for Sachtleben's Logistics Operators and CSO Sales assistants and the objective is to study the inspection processes of bills of lading and the difficulties emerged in Sachtleben.

### **Bills of Lading inspection processes and the difficulties emerged in Sachtleben**

The questionnaire has been divided into five main sections. Kindly, answer to the questions and give additional comments in the end of the questionnaire if wanted. Also please, provide your contact information if additional questions will arise on my part. After you have finished with the questionnaire, SAVE it. All information gathered will be handled confidentially and names or other personal information of the answerer will not be distributed forward.

#### **1. Basic information**

- Sales Assistant (CSO)
- Logistics Operator

Area of responsibility (countries/region):

Office location:

- Pori
- Duisburg
- Krefeld

#### **2. Questions concerning the beginning of the process**

If you are **CSO Sales Assistant**, answer to the questions **2.1-2.3** and then **move to section 4**.

If you are **Logistics Operator**, please **start from question 2.3**

2.1 When receiving an order from the customer/agent are you provided with separate shipping instructions as well?

- No, never
- Only in the case of new customer
- Often



- Yes, almost every time
- Some other case, what?

2.2 Do you check the shipping instructions coming from Customer Master Data?

2.3 Are the instruction coming from Customer Master Data up to date or do you have change them significantly for the order?

2.4 After the internal order confirmation has been provided to you, do you also receive customer's original order?

- Yes
- No

If your answer is YES, why it is dispatched to you?

If your answer is NO, why it is not dispatched to you?

2.5 When booking the shipment, what information do you provide to the forwarder/shipping company

2.6 After receiving the booking note, what are your next actions?

### **3. Instructions for B/L**

3.1 Do you use the same instructions as in last shipment in case of regular customer?

- Yes
- No

3.2 Do you provide the instructions by typing them manually?

- Yes
- No

3.3 Have you used "Copy-paste" -method sometimes when providing the instructions?

- Yes
- No

For additional/clarifying comments:

3.4 In what stage do you provide the instructions for B/L and to whom?

### **4. Inspection of B/L drafts**

4.1 Do you inspect B/L drafts?

- Yes
- No

4.2 How often do you inspect B/L drafts in a week?

- 8 or more

5 - 8

2 - 3

2 or less

4.3 If you receive a B/L draft for inspection, which you are not ought to check, to whom will you forward it?

Logistics Operator

Sales Assistant

Customer's agent

To somebody else, who?

4.4 In cases where the B/L draft includes mistakes or possess a lack of information, to whom do you forward the requested corrections?

4.5 What is the inspection process of Bills of lading in your point of view? How would you describe it?

## **5. Problems / mistakes on B/L's**

5.1 What kind of problems or difficulties have you had with bills of lading?

5.2 How these possible problems or difficulties have affected?

5.3 How the problems and difficulties with bills of lading have been solved?

5.4 How often do these problems occur?

Almost with every shipment

Mostly when shipping to certain country/countries, which ones?

Mostly when using certain shipping company, which ones?

Occasionally, independent of country or shipping company

In some other cases, what?

Kindly, specify if your answer was 2, 3 or 5:

5.5 How would you estimate the time consumed to solve and correct the difficulties and/or mistakes?

5.6 How many times/often have you been in a situation where a Letter of Indemnity had to be issued?

Once/few times in a year

Once/few times in half a year

Very seldom

None

Other, how often?

5.7 What are the most common mistakes on the B/L drafts that have occurred?

5.8 What do you predict, that could be done to prevent the difficulties in the use of bills of lading?

### **Additional comments / Open word**

#### **Contact information**

Name:

Phone:

Email:

Thank you for your time and effort!

Janette Aaltonen

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