

UNCITRAL Conference on Negotiable Cargo Documents

Tuesday 27 May 2025

Session 4: Impact on Multimodal Transport

Shipper – Forwarder dialogue between James Hookham, GSF and Andrea Tang, FIATA

Version 1.2

SCENARIO

A US-based shipper (James) has bought a consignment of product from a seller in Mexico for sale in the USA.

He calls up his forwarder (Andrea) to discuss his requirements and concerns. The product is to be transported by road and rail to a distribution center in the US in the first instance.

But James is worried that future changes in US tariffs would make the sale of the product in the US unviable and he wants to transport the goods under a negotiable cargo document so that they could be sold whilst in transit from Mexico to the USA if the need arose.

If a sale was made, the transport contract would have to switch from a road and rail journey between Mexico and the US, to a multimodal journey, involving diversion of the truck to a Mexican port, carriage of the container by sea to Turkey, then transshipment to a rail journey to Azerbaijan and final delivery by road to the new Buyer's premises. Can Andrea arrange this?

James's bank is also worried about getting paid by a new Buyer.

Andrea describes the flexibility and benefits of the FBL and how, by making it negotiable, James would retain the option of executing a sale to another buyer at any time. He would need to tell Andrea this had happened and who the new buyer was so that Andrea could make and confirm the new transport arrangement with them.

Andrea can then describe the way that the forwarder makes and executes the necessary bookings and contingencies.

Furthermore, the negotiability of the document would give confidence to James's bank that in the event of default by the new Buyer their bank would pay against their rights to title in the goods that would transfer to them.

DIALOGUE

James

"Hello, Andrea, it's James, your favourite shipper client in the USA. I have a problem that I hope you can help us with?

"We have bought several container loads of goods from a seller in Mexico that I now need to import into the US. Normally that would be by truck and railroad and wouldn't be a problem. But we are worried that possible increases in US tariffs could make the goods too expensive to sell in the US".

"So, we have negotiated a possible sale to another buyer, based in Azerbaijan. If we did decide to sell the goods while they were in transit from Mexico, the containers would need to be diverted to a port where they could be loaded on to a ship to Europe.

“You have always been able to find a way round all our other logistics challenges so I am hoping you could help us on this one? What can you suggest?”

Andrea:

“Yes, we can help on this. As your freight forwarder we can issue a Negotiable Cargo Document. This will make us your contracted carrier and although we do not own the cargo we can make all the necessary transport arrangements for you but you only have to deal through us”.

- Need to ensure if the goods are transported to the US, it should be done under “bond” and into a bonded warehouse. This means that the goods are not imported and are not in circulation, and duties and taxes are not paid.
- Would recommend using electronic NCD (e.g. eFBL)
 - Multimodal transport document – therefore provides flexibility – one document to cover the whole multimodal transport. FFW will organise the transport accordingly according to the most optimal route
 - Negotiable document – can draw up bank financing, compatible with UCP 600
 - Electronic transport record – so therefore, don’t need to wait for originals to be returned and can exchange easily
- As your FFW, you don’t need to worry about transport arrangements – FFW will make arrangements with different modes of transport and will be responsible for the whole transport
- Also possible to convert to paper if necessary depending on needs throughout the journey

“But if you do decide to sell the goods before they reach the US border then tell us and we will instruct the haulier to divert to a port and arrange for the containers to be carried by sea to Europe then book the road and rail journeys to get them to Baku.”

James

“Thanks Andrea, that sounds like an elegant way of providing us with the flexibility we need.

“All I need now is to convince my Chief Financial Officer that we will get paid by our buyer in Azerbaijan. They are only a small business. If we did sell to them would your NCD be able to support their application for financing from their bank?”

Andrea

“Yes, an NCD will give title in the goods to the holder so if your new Buyer defaults then the Bank can still pay you and will take the ownership of the goods as collateral. In fact, many banks are now insisting that negotiable cargo documents are used to give them this extra level of financial security.

“And speaking of security, because we issue our NCDs in an electronic form your CFO can be assured that they will be exchanged in a secure trading environment using Blockchain technology and unique identifiers to keep track of them”.

- Easy verification of document authenticity through unique QR code and FIATA Digital Identity
- Zero-trust architecture ensure integrity of information
- Blockchain technology provides audit trail and immutable record

- FFW will issue using FIATA Digital ID
- Interoperability and ease of use for the bank using API connection

“So, by using an eFBL there is no need for you to courier documents around the world any longer”

James

“What happens if things go wrong and the goods end up in the wrong place or get damaged in transit. Would the new Buyer be able to claim against the carrier delivering the containers?”

Andrea

“Don’t worry. We use the FIATA Bill of Lading as the NCD. This says that in the event of damage the UNCTAD/ICC Rules apply, and the new Buyer would make a claim with us. As a FIATA-registered issuer of eFBLs, we have to take out sufficient insurance to cover claims like this. We would take it up with the carriers we contracted with and work with our insurance provider – TT Club”.

James

“Well, this all sounds fine Andrea. Please go ahead. Thanks for your great service and support”.