FEEDBACK TUTORIAL LETTER

2ND SEMESTER 2019

Assignment 1

Forwarding and Shipping Management
FSM621S
FEEDBACK

General observation
I have noticed that most of you focused on copying everything from the study guide without applying or contextualizing it. I have also noted that most limit their learning to the study guide, this is just a guide, to guide us to inquire and learn more from other source too. For example why will you need a Phyto-Sanitary Certificate for car importation? Not every document is relevant to every transaction.

Incoterms are set of rules which define the responsibilities of sellers and buyers for the delivery of goods under sales contracts, hence a change in term means your focused should be who is responsible with the new change, till what point are the responsible?

Also, if you have a reference list, it means you were supposed to have referenced in text. Please get an APA referencing guide to help you in this regard.

QUESTION 1 [30 marks]
You are the buyer for Jan Japan Motors, you have ordered a consignment for imported cars to be delivered to their showroom in Brakwater, Windhoek. Apply and discuss the shipping process to this transaction, highlighting the necessary documentation required and the mode of transportation/s to be used.

Outlining the shipping process correctly 20 marks

Students should apply and demonstrate understanding of below process.

<table>
<thead>
<tr>
<th>Export Customs Clearance</th>
<th>The shipping process</th>
<th>Import Customs Clearance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shipper</td>
<td>Origin warehouse</td>
<td>Origin port</td>
</tr>
<tr>
<td>Export Haulage</td>
<td>Origin Handling</td>
<td>Ocean Freight</td>
</tr>
<tr>
<td>Destination port</td>
<td>Destination Handling</td>
<td>Import Haulage</td>
</tr>
<tr>
<td>Destination warehouse</td>
<td>Consignee</td>
<td></td>
</tr>
</tbody>
</table>

List of documentation required 5 marks
Above process should be discussed additional marks will be awarded for below information related to car importation customs procedures for Namibia; Please check some of the basic documents importers must keep in mind while importing any used car from Japan, (Japanese Car Trade, 2019):

- 3 sets of original Bills of Lading.
- 2 sets of original Commercial Invoice.
- Certificate of Origin (Check if your country’s custom department require this).
- Japan Auto Appraisal Institute (JAAI) inspection certificate (Check if your country’s custom department require this).
- Japan Export Vehicle Inspection Center Col Ltd. (JEVIC) inspection certificate (Check if your country’s custom department require this).
- Air-condition De-gas certificate (Check if your country’s custom department require this).
- Vehicle’s Export Deregistration Document in original.
- Original vehicle de-registration (also referred to as “Export Certificate”) in Japanese and if required can be available in English translation.
- Certificate of Ownership History (Check if your country’s custom department require this).
- Marine Insurance Policy in original, if insurance is taken from the dealer.
- Auction Vehicle Inspection Sheet.

Import haulage

**Japan Used Car Import Duty / Regulation in Namibia**

- Year Restrictions: Max. 8 Years Old
- Destination Port: Durban, Walvis Bay
- Time of Shipment: 29-36 Days (Container)
- Vessel Schedule: Weekly (Container)
- Shipping Line: Manica Group Namibia (Pty) Ltd.
- Inspection: No Inspection Required

- Customs authorities in Namibia prohibit the conveyance of left-hand drive vehicles into the country. An exception is made for diplomats only. They also do not allow the importation of vehicles that are more than 5-8 years old.
The law of shipping should entail the brand, the chassis, model of the vehicle and its year. The vehicle engine number should match that declared in the bill of entry.

Taxes and other duties are imposed on vehicles brought into Namibia, VAT 16.5%, 26% custom duties custom + additional valorem duties of 7% if value of the car is more than N$ 20 000

**DOCUMENTATION REQUIRES; Namibia**
- Import permit
- Original bill of landing
- Original Commercial Invoice
- Car registration papers/certificate permits

**DOCUMENTATION REQUIRES; Japan**
- Export permit
- Original bill of landing
- Certificate of Notice of Planned Export
- de-registration document
- Invoice
- Car registration papers/certificate permits

**Appropriate suggestion of mode of transportation** 5 marks

**MODE OF TRANSPORTATION**

- Road or railway
- Sea using RoRo / container vessel
- Road or railway
2.1 One of your global supplier has amended the incoterms used in a sales contract you have agreed on before. Please identify the place a) where risk is transferred to the buyer, b) who bears the cost? and c) the new delivery place? [10 marks]

<table>
<thead>
<tr>
<th>Terms changed</th>
<th>a) Risk transferred</th>
<th>b) Cost</th>
<th>c) New delivery place</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) CIF to CIP</td>
<td>First carrier/agreed place</td>
<td>Seller</td>
<td>Port of destination</td>
</tr>
<tr>
<td>b) FAS to FOB</td>
<td>On board</td>
<td>Buyer</td>
<td>Port of shipment</td>
</tr>
<tr>
<td>c) EXW to DDP</td>
<td>Buyers place of destination</td>
<td>Seller</td>
<td>Buyers place of destination</td>
</tr>
<tr>
<td>d) CFR to CPT</td>
<td>First carrier/agreed place</td>
<td>Seller</td>
<td>Port of destination</td>
</tr>
<tr>
<td>e) DAT to DAP</td>
<td>Place of destination</td>
<td>Seller</td>
<td>Buyers place of destination</td>
</tr>
</tbody>
</table>
2.2 Discuss the key features to be considered when choosing a freight forwarder? [10 marks]

Discussion should be around the below, however not limited to. Students will be given marks for demonstrating an understanding of why you will need a freight forwarder. Any five not limited to below;

- Industrial expertise- A freight forwarding company should have detailed understanding and knowledge of the freight industry. Ship the load at the right place and right time is indeed a challenging job and to accomplish it successfully, the freight forwarder should have the skilled workforce with complete knowledge of paperwork and rules.

- Volume handling capacity, flexibility- If the freight forwarding company already delivers large amounts of goods to the location where you want to ship your products to, it can definitely deliver your product safely and timely.

- Cost- Cost is a crucial parameter when it comes to business, so find a freight forwarder that fits into your budget.

- Haulers- Do they have multiple service contracts – this is important when space availability on a vessel, airline or trucking company becomes an issue and you need an alternative. Do they have relationships with multiple ocean, air, and land carriers?

- The types of goods; find out if the freight forwarder had shipped the kind of goods you want to sign them for, especially when it requires special handling. Can they handle multiple types of shipments?

- Are they a member of any trade associations or freight forwarding networks? Joining reputable freight forwarding associations such as WCA requires financial strength, operational efficiency, integrity and many other requirements. If a freight forwarder is a member of a reputable association, the chances of them handling your shipment with care and diligence is higher than if they were not a member.

- Does the freight forwarder have a strong network of international freight agents?- having access to a network of international agents enables you to overcome a number of barriers to business that may otherwise cause you difficulties in conducting trade. The freight forwarders overseas agents will provide the local knowledge required, through their understanding of local business customs, languages and cultural barriers.