

2017 Forum on Regional Knowledge Sharing

ADB–PRC Regional Knowledge Sharing Initiative (RKSI)
CAREC Federation of Carrier and Forwarder Associations (CFCFA)
CAREC INSTITUTE (CI)



16-17 August 2017 | Tashkent, Uzbekistan



Development, Review and Launch of CFCFA Standards-1

Proposed at the 2013 Meeting in Tashkent, discussed at the 2014 annual meeting in Urumqi and 2015 annual meeting at Ulan-Bataar. First 10 CFCFA Standards was launched at the Sept. 2016 annual meeting in Singapore both in Chinese and in English.

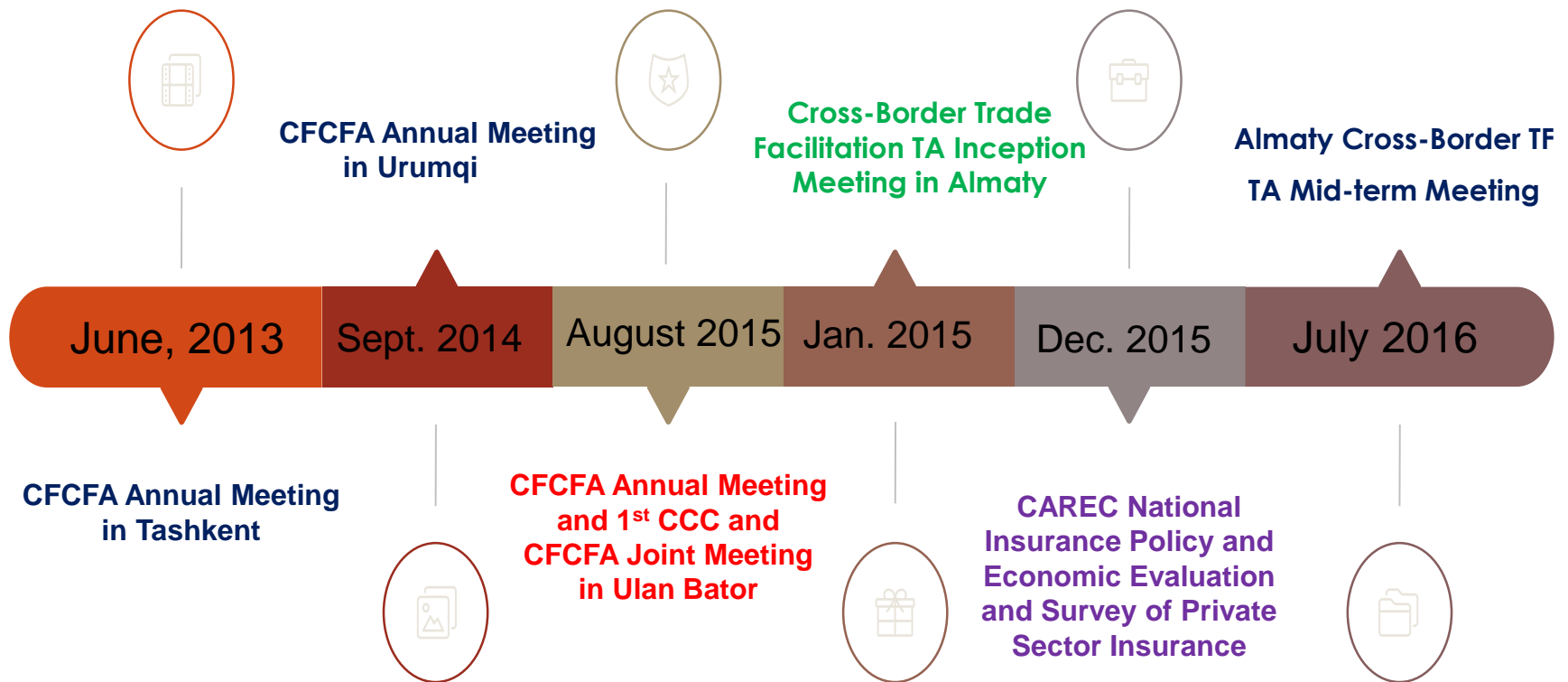
7th Annual CAREC Federation of Carrier and Forwarder Associations Meeting

Singapore: 20 September 2016



2017 Forum on Regional Knowledge Sharing
16-17 August 2017, Tashkent, Uzbekistan

Development, Review and Launch of CFCFA Standards-2



2017 Forum on Regional Knowledge Sharing
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Development, Review and Launch of CFCFA Standards-3

To improve connectivity and promote economic transformation

The 15th CAREC SOM and MC was held on Dec. 25-26, 2016 in ISB, PAK

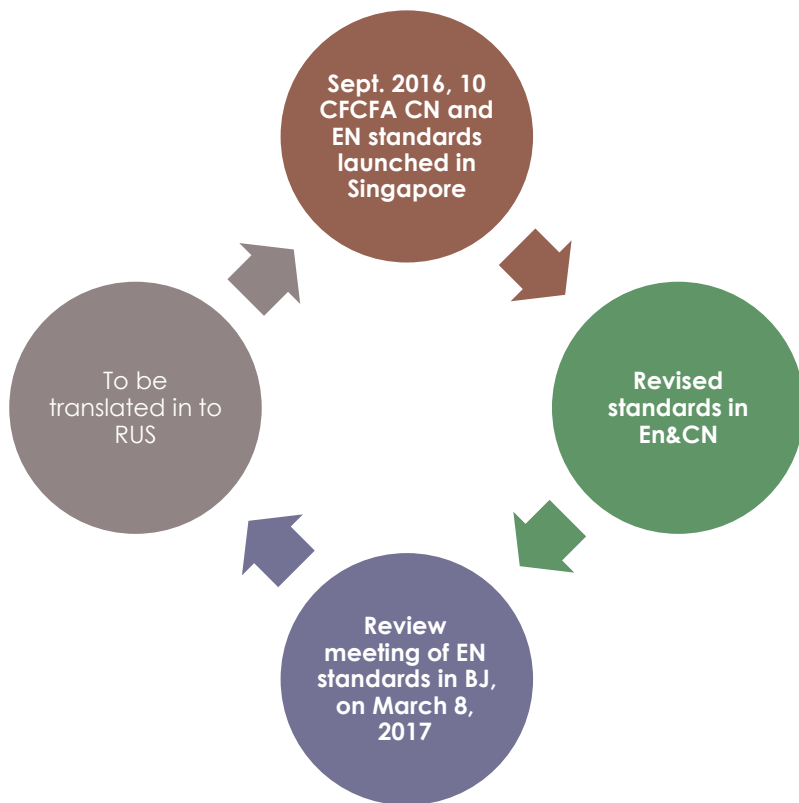


It was mentioned in the TF Progress Report and 2016-2018 Work Plan: 10 standards was launched at the 7th CFCFA annual meeting and to participate in customs info exchange and regional transit guarantee pilot

SOM expressed:

SOM supports CCC, CFCFA and the stakeholders to continue to mainstream and harmonize customs and trade related procedures, to improve regional transit info exchange platform, to strengthen partnership with private sector, and to expand coverage of CPMM

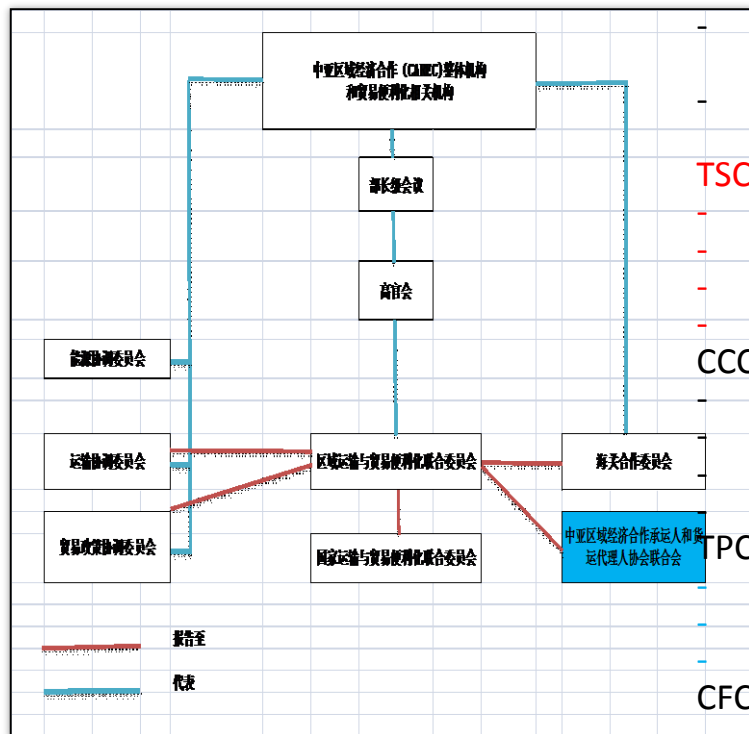
Development, Review and Launch of CFCFA Standards-4



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CFCFA Recommended Standards – Context and Principles - 1



RJC

- To strengthen CAREC Joint Transportation and TF program collective ownership
- To serve as coordination center to coordinate and monitor CAREC Transport and Trade Facilitation Program
- To establish contacts with other country/regional corresponding mechanisms and forums

TSCC

- Harmonize and simplify cross border procedures
- Harmonize CB transport regulations
- Renovation and modernization of railways
- Develop and improve regional transportation

CCC

- Harmonize and simplify customs procedures
- Coordinate border management
- Regional CB development
- Coordinate ICT development, risk based control and import audit

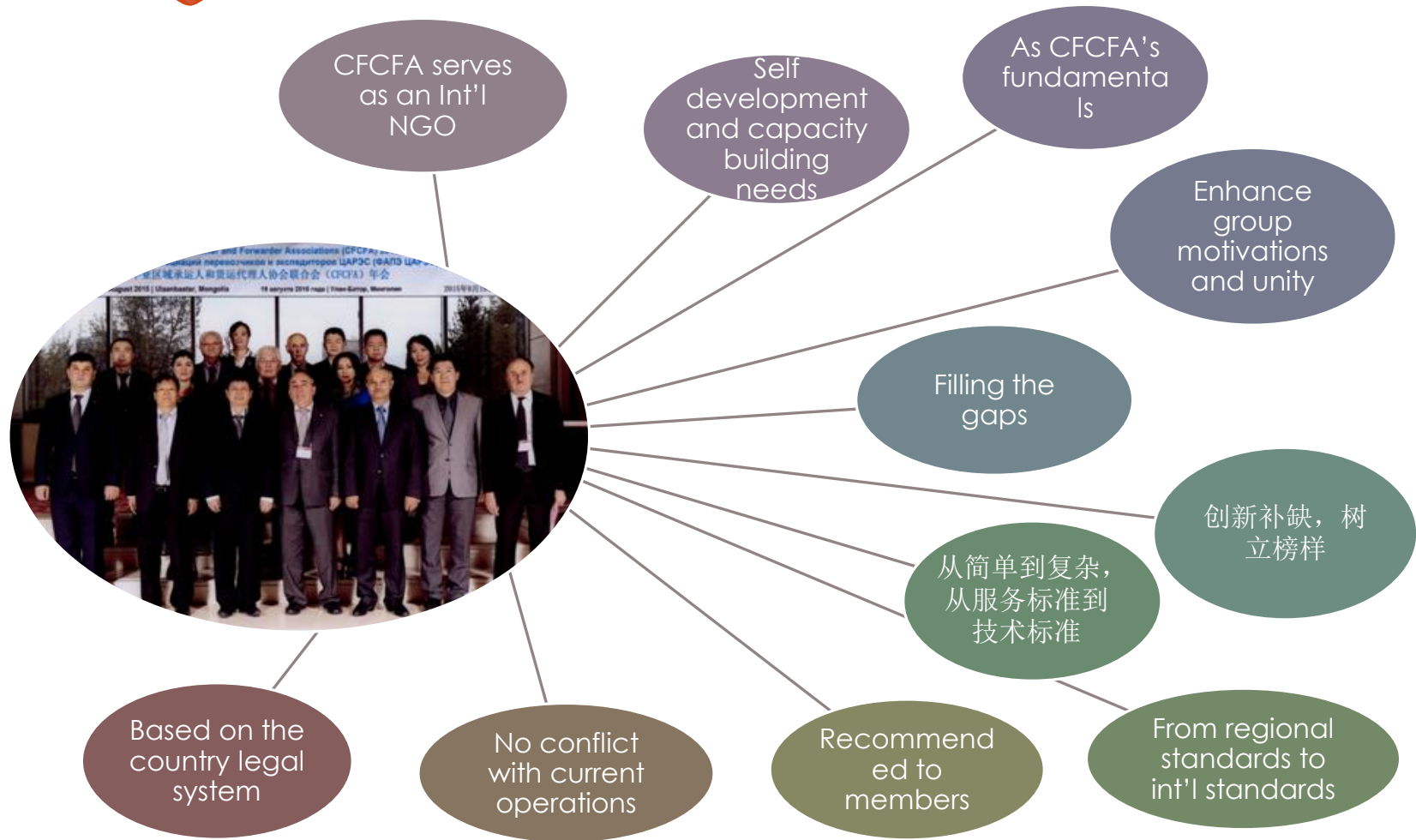
TCC

- Reduce CB trade barriers
- Simplify CB trade & logistics and reduce barriers
- Lift of trade and non-trade barriers according to WTO

CFCFA

- Feedback to CFCFA gov. on the implementation of CFCFA TTF strategies and action plan
- Promote PPP in developing standard transport documents and contracts
- Establish info platform to promote TTF
- Improve trade and transport operators' capacities

CFCFA Recommended Standards – Context and Principles - 2



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CFCFA Standards Phase II-1

Jan. 2015 – TF TA Inception in Almaty

July 2016 – Midterm Workshop on CB TF TA in Almaty

Nov. 2016 – CB TF TA End term Workshop in AZE

Develop and use *Regional Transit Guaranteeing Mechanism (RTGM) and insurance to replace transit guarantee*

Develop CAREC Advanced Transit System, (CATS)



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CFCFA Standards Phase II-2

1st Joint CCC and CFCFA Meeting in Ulan Bator, August 2015

1. Jointly develop Regional Transit Guaranteeing Mechanism (RTGM) and insurance to replace transit guarantee, to simplify procedures and reduce private sector's operational risks
2. Participate in the development of AEO, to enhance int'l logistic chain and border security, reduce customs inspections, reduce cross-border costs and enhance regional trade competitiveness
3. Support private sector's participation in technical research of regional standards, support private sector's research on impact caused by different national standards and rules
4. Support CFCFA to develop standards under the framework of WCO, regarding company's commonly used transport documents and electronic messages



CFCFA Standards Phase II-3

2nd Joint CCC and CFCFA Meeting in Singapore, Sept. 2016, proposed standards:

■ Informatization

- ✓ CAREC Road Cross Border (Transit) Cargo Manifest
- ✓ CAREC Road CB (Transit) Loading List
- ✓ CAREC Road CB (Transit) Cargo Weight Bill
- ✓ CAREC CB Logistics Import&Export Transport Vehicle Description
- ✓ CAREC CB Logistics Import&Export Transport Vehicle&Crew Description
- ✓ CAREC CB Logistics Import&Export Cargo Description
- ✓ CAREC Road CB (Transit) ICT Interface Spec.
- ✓ eb-XML Based Int'l Road CB (Transit) Exit Message



CFCFA Standards Phase II-3

- ✓ eb-XML Based Int'l Road CB (Transit) Transit Message
- ✓ eb-XML Based Int'l Road CB (Transit) Arrival Message
- ✓ eb-XML Based Int'l Road CB (Transit) Termination of Transit Message
- ✓ eb-XML Based Freight and other Cost Settlement Message
- ✓ eb-XML Based Int'l Road Transport Waybill Message

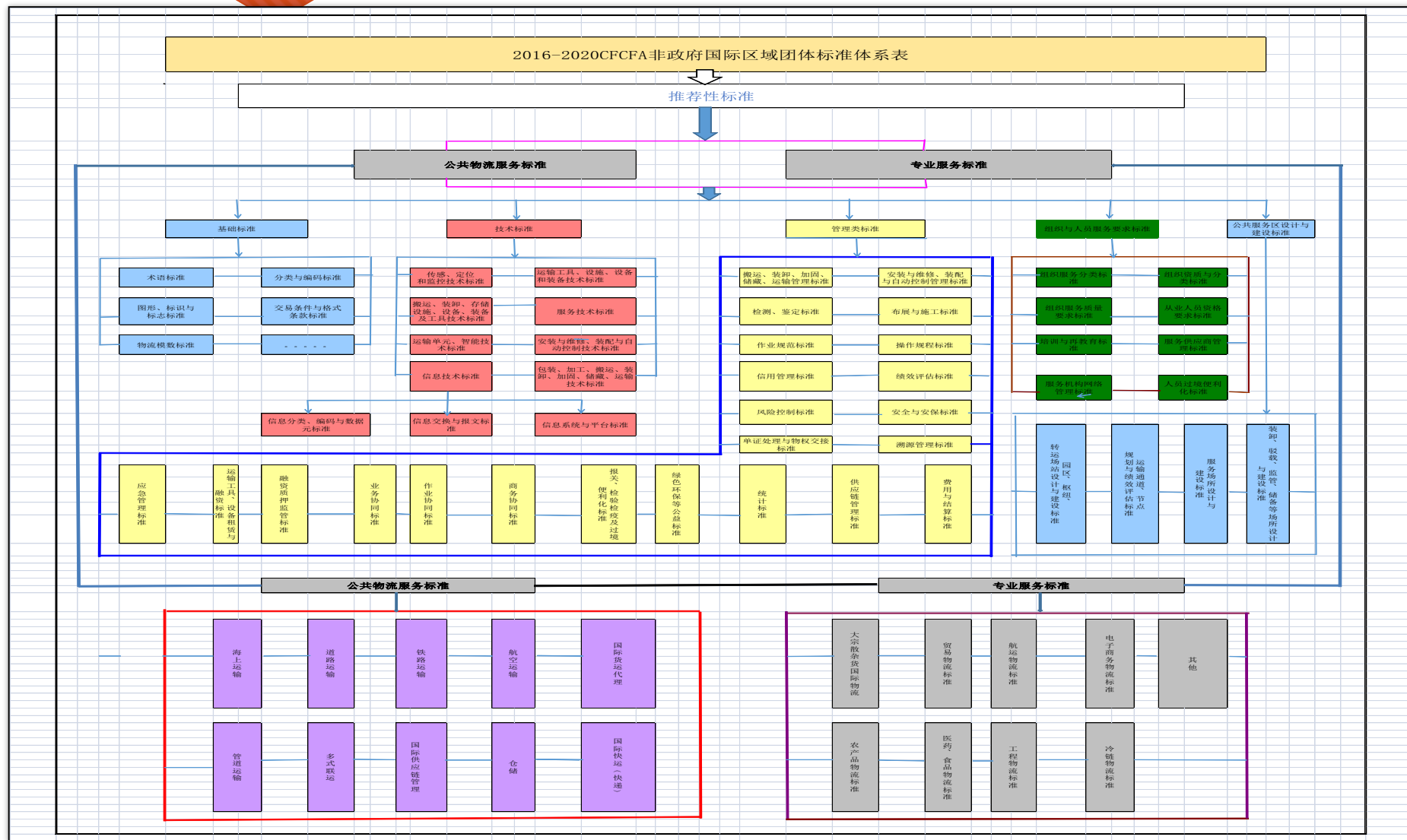
■ Equipment

- ✓ CAREC Vehicle (Equipment) Smart E-lock Application
- ✓ CAREC CB Transport Monitoring Equipment Application

■ Others

- CAREC CB Vehicle and Cargo Protection Practice
- CAREC CB Refrigerated Transport Performance Test & Energy Efficiency Calculation





2016-2020 CFCFA Standard System -1

Public Service

Marine transport, road, rail, air, int'l FF, pipelines, multimodal, int'l supply chain management, warehouse, int'l courier (delivery)

Professional Service

large bulk cargo, trade logistic standards, shipping logistic standards, e-commerce standards, agro-produce, medical, foodstuff logistic standards, machinery logistic standards, cold chain standards, others

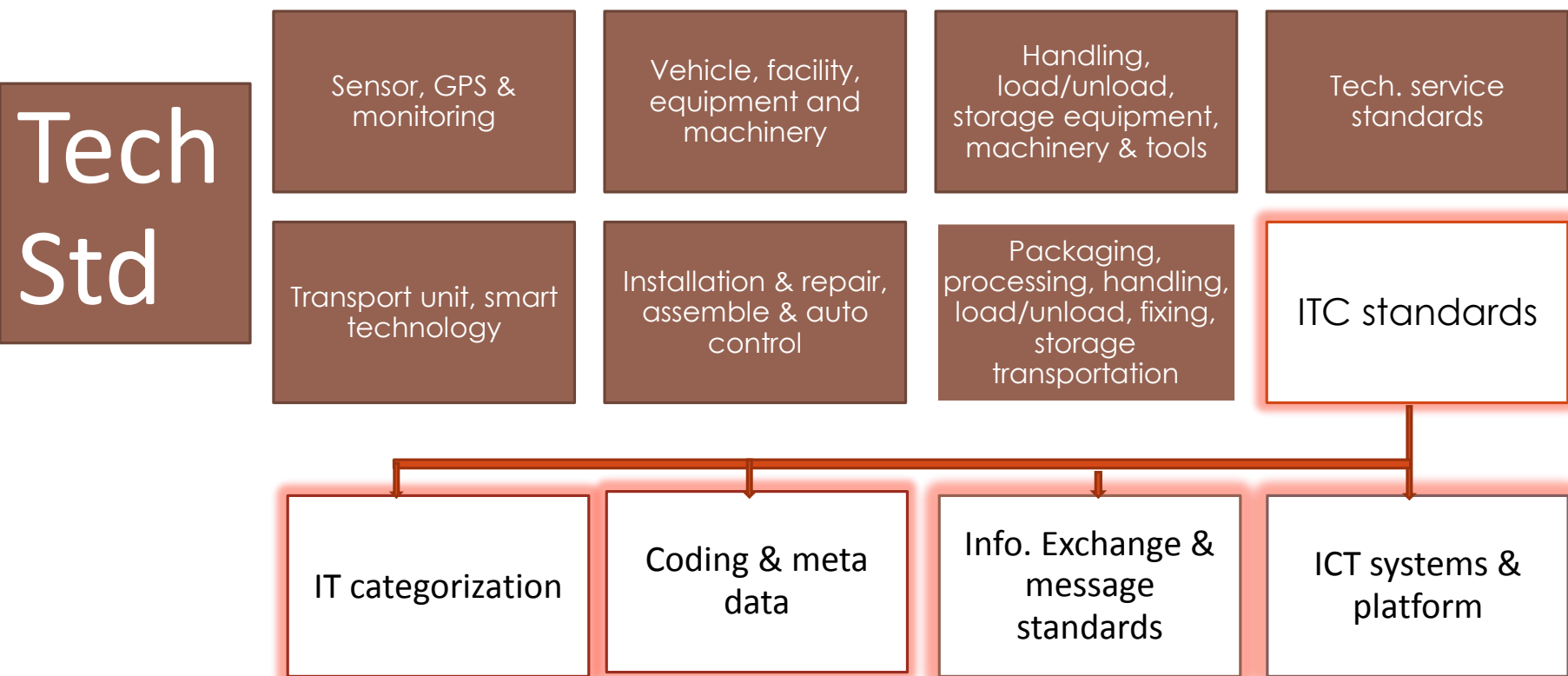
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2016-2020 CFCFA Standard System -2

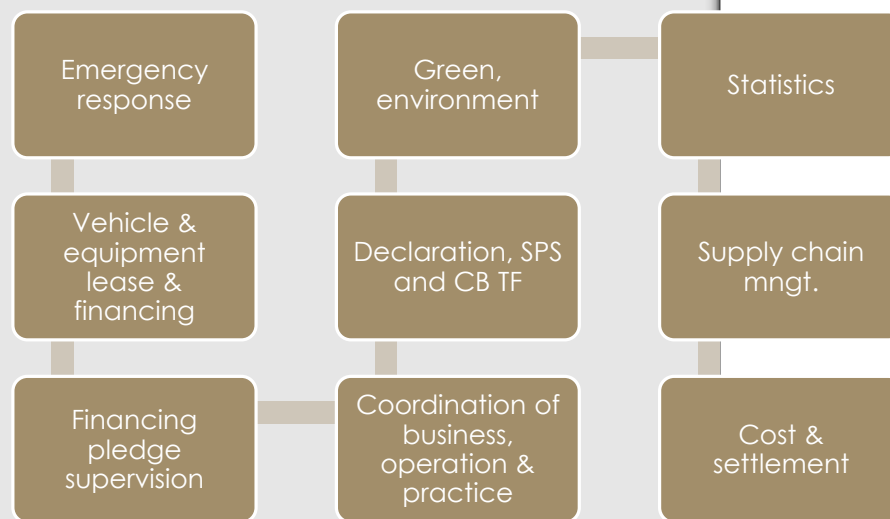
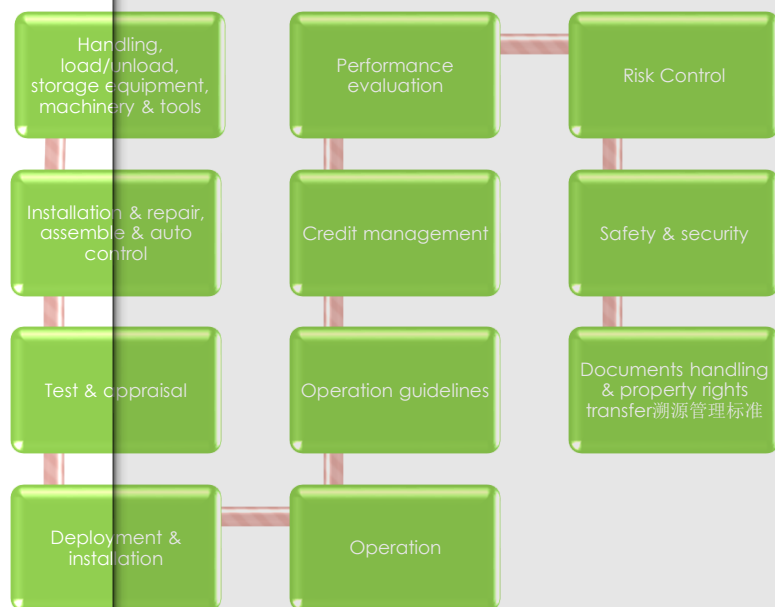


2016-2020 CFCFA Standard System -2



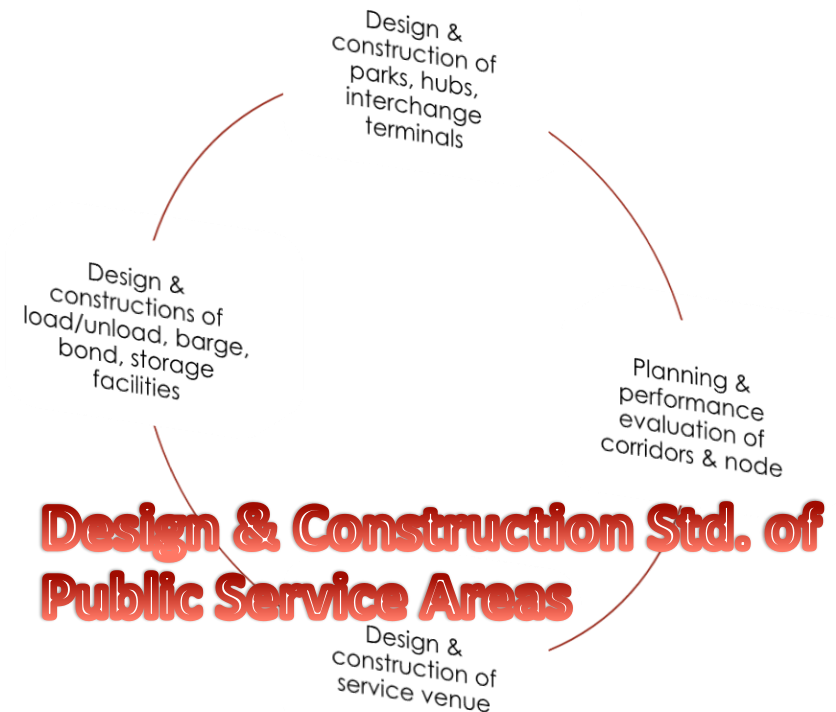
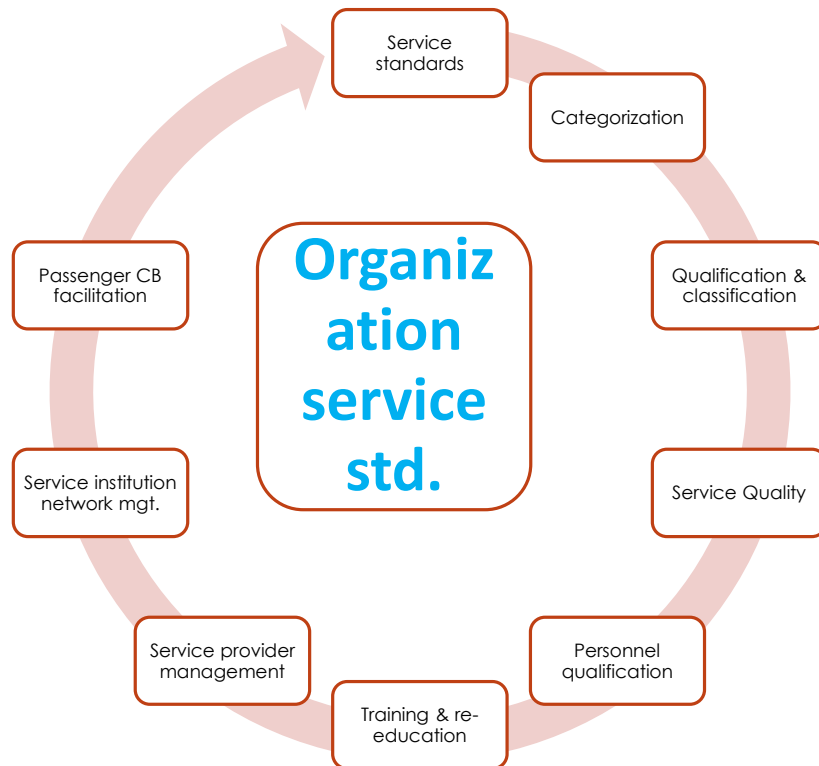
2016-2020 CFCFA Standard System -3

Management Std.



Management Std

2016-2020 CFCFA Standard System -4



List of 10 CFCFA Recommended Standards

CFCFA Recommendation 001: Guidelines on the Preparation for International Freight Forwarding Documents
CFCFA Recommendation 002: International logistics liability insurance — Basic elements of carrier liability insurance
CFCFA Recommendation 003: International logistics legal liability insurance —----- Basic elements of international freight forwarder liability insurance
CFCFA Recommendation 004: Requirements on container consolidation services of international freight forwarders
CFCFA Recommendation 005: International freight forwarders trading conditions
CFCFA Recommendation 006: Model Terms and Conditions of contracts for international freight forwarders
CFCFA Recommendation 007: Guidelines on transport corridor performance measurement and monitoring
CFCFA Recommendation 008: Coding rule for carrier identifier
CFCFA Recommendation 009: Coding rules for documents identifier
CFCFA Recommendation 0010: RFID tag application criteria for pallet units

Introduction

International logistics liability insurance-1

Goal

Any negligence or misbehavior can lead to dire outcomes and massive economical loss

Mismatch of capacity & liability

Disputes on liabilities happen a lot

Logistic liability insurance is the preferred risk transfer measure

Compensate for possible loss

Better identify FF's rights & liabilities, clear responsibilities

Introduction

International logistics liability insurance-2

FF's liability insurance

Applicable to various medium to small size FFs who do not issue FIATA documents, to cover their liabilities in int'l logistics within CAREC countries



Direct Loss to the Entrusting Party

Carrier's liability insurance

Applicable to large to medium logistic companies operating as independent operators to cover their logistics liabilities on int'l transportations within CAREC



Direct Loss to the Entrusting Party
Direct Loss of the Goods

During insurance period, the insured and its agent engaging in FF's business...

Composition and content of insurance contract, insurance liability, liability exemption, the limitation of liability and the deductible, policy term and the commencement of the insurance liability, insurance contract comes into effect, insurance premium and payment, policy-holder, insurant, underwriter, obligations, claims processing, breach of contract and dispute resolution, insurance and claim.



Contents

Appendix A (Informative Annex) international freight forwarders bill of lading liability insurance policy

Appendix B (Informative Annex) insurance premium payment

Appendix (Informative Annex)) Policy-holder, insurant obligation

Appendix D (Informative Annex)) the underwriter obligation

Appendix E (Informative Annex)) Claim processing

Appendix F (Informative Annex)) Liability for breach of contract and dispute resolution

International logistics liability insurance-4

Liability-
Direct Loss
to the
Entrusting
Party

During the policy period, the insured and its agent accept the entrustment of the entrusting party in the capacity of international freight forwarder to provide international freight forwarding services, during which any direct loss to the entrusting party in the following circumstances, which shall be compensated by the insured according to governing laws, shall be indemnified by the insurer to the limit of indemnity specified in the insurance contract:

- Any additional transport costs incurred due to failure to ship the goods, mis-directed, mis-shipment, or mis-delivery of goods in the provision of the international freight forwarding services, excluding any loss to the goods so incurred;
- Any cost and expense incurred by the entrusting party due to omission, erroneous preparation or issuance of related instruments or documents;
- Any cost and expense incurred as a result of the delayed delivery of goods due to fail to exercise due diligence of the insured if the delivery date or time is agreed upon in writing in advance;
- Any loss of the goods of the entrusting party (including losses due to theft and robbery) due to negligence or fault in the process of supervision of loading, unloading, storage or preservation at the port or warehouse (including the warehouses owned by the insured or the warehouse and places leased by the insured or under the entrustment of the insured for temporary storage);
- Any loss of the goods of the entrusting part due to errors in the operations of unstuffing, stuffing or consolidating in case of containerized transport;
- Any loss of the goods of the entrusting part due to improper or insufficient packaging or reinforcement of the goods;
- Additional duty imposed by the competent authorities due to violation of the laws and regulations on import and export or customs declaration as a result of any fault of the insured in the process of customs declaration.

Direct
Loss of
the
Good

- if the insured and its agent issue related transport documents or assume liabilities as an independent operator

Except for any liabilities set forth in direct loss to the entrusting party, any direct loss caused to the goods under the aforementioned transport documents due to any of the following events shall be compensated by the insured according to governing laws. The insurer shall also indemnify the insured for such losses to the limit of indemnity specified in the insurance contract.

- a) Fire and explosion;
- b) Theft, robbery or non-delivery of goods ;
- c) Collision, derailment, overturning, collapse, grounding, stranding or wrecking of means of transport or collapse of road, tunnel, bridge or dock;
- d) Breaking, bending, denting, fracture, spillage, cracking, leakage or staining of goods, breaking of package or damage to packaging due to vibration, collision, extrusion, falloff or overturn;
- e) Loading, unloading and handling in violation of operating instructions;
- f) Water damage while complying with transport safety regulations;
- g) Inability to recover the goods due to mis-shipment, mis-transport or mis-delivery of goods or costs of recovery in excess of the value of the goods;
- h) Improper stuffing, unstuffing, consolidation, delivery/ acceptance of goods, pre-stowage planning, stowage, handling, storage, relocation, packaging or reinforcement;
- i) Shortfall or damage found in delivery and acceptance of goods;
- j) Decomposition or deterioration of goods due to failure of refrigeration equipment;
- Improper mechanical operation or failure of machinery used.

Model Terms and Conditions of contracts for international freight forwarders-1

Goals & Context

International freight forwarding is quite extensive and involves a wide range of transaction contracts such as transport contracts, agency contracts, customs declaration and inspection agency contracts, logistics service contracts, impawning supervision contracts, warehousing contracts, chartering contracts, transport vehicle finance leasing contracts and transport equipment leasing contracts. Before developing applicable standards for these transaction contracts, it is necessary to develop international freight forwarding contract specifications, to define general requirements, contract elements and specifications for international freight forwarders to sign contracts on providing or procurement of service as agents or as independent operators, in preparation for subsequent development of standards applicable to each transaction contract.

Model Terms and Conditions of contracts for international freight forwarders-2

Contents

General requirements, contract elements, Nature of contract, Involving parties, Terms and definitions used in the contract, Governing laws, matter of contract, Rights and obligations of each party, Fees and payment method, Force majeure terms, Confidentiality terms, Liabilities for breach of contract, Contact details of each party, Dispute resolution, Contract appendices, Entry into force and termination of contract, Number of originals, Signing of contract.

The Applicable Law

- Certain rules may be agreed upon to choose certain international conventions, national laws and regulations or industry practices as the governing basis applicable to the contract.
- In the multimodal transport contract, the laws governing the responsibilities and limitation of liability in each transport section shall be further specified.

Model Terms and Conditions of contracts for international freight forwarders-3

Rights and Obligations of Parties

- The rights and obligations of each party should be specified, including the rights and obligations between contract parties and any third party that might be involved in the contract. If necessary, the identity verification method by which the entrusting party confirms any third party should be defined in the contract.
- The rights and obligations of each party defined in the contract shall meet the description of the legal relation between parties in the contract.
- The notification obligation of each party to notify the other parties of some key information should be defined.
- If necessary, the procedure, documents and criteria for transfer control of goods may be specified in order to define the responsibility of each party for risks associated with the goods.
- The related documents to be provided for or issued by each party in the course of contract performance (such as document of title) should be specified in the contract, as well as the persons in charge, time and procedure of handover of these documents.
- Where necessary, the following may be specified in the contract:
 - Some special requirements for the subject matter of contract, such as requirements for transshipment, partial shipment or cargo on deck option in the transport contract; requirements for open-air storage, stacking height limits, fire and waterproof protection facilities and minimum warehousing areas in the warehousing contract; requirements for the site and equipment of supervision in the impawning supervision contract and requirements for distribution timing in the distribution contract;
 - Licenses or administrative permits required of the parties to the contract, such as the license of handling dangerous goods;
 - The rights and obligations in connection with reconsignment and subcontracting and, if necessary, the process by which the entrusting party confirms the subcontractors.
 - The subject and conditions of lien, as well as the rights and obligations of parties when lien occurs;
 - The subject and conditions of document detention, as well as the rights and obligations of parties when document detention occurs;

Model Terms and Conditions of contracts for international freight forwarders-4

Liabilities for Breach of Contract

The provision should be provided for identification, remedial measure and duty of duty of indemnification for breach of contract.

Identification of breach of contract includes definition or description of breach of contract and principles of defining responsibilities.

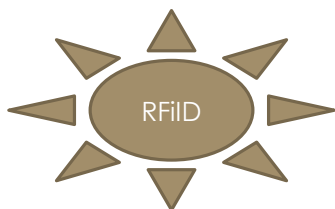
Liquidated damages provision includes the calculation of amount of liquidated damages for breach of contract and the payment terms, and may specify the term of validity of claim, claim procedure and allocation of costs of claim.

The calculation process and payment terms should be defined for additional compensation in case of insufficiency of liquidated damages to cover the actual losses and may further define the items of loss or their calculation process, for example, the indirect losses to be compensated.

The provision should be provided for the remedial measures and solutions to be adopted by parties in case of breach of contract or force majeure in the course of contract performance .

The provision should be provided for limitation of liabilities of the party who acts as an agent.

RFID Tag Application Criteria for Pallet-1



Along with the development of global supply chain management and pallet pooling system, the pallets will circulate in different business models, different modes of transport, different business processes, different working arrangements and different management requirements, as well as different participants, different application of documents, different operating time and place,

pallet RFID tag is an important part of the basic information collection layer of the Internet of Things (IOT). It is responsible for the data collection, route monitoring and status monitoring of the carried articles.

This is very different from the traditional business, not only requires the data associated with the RFID tags to change, but also raise higher technical requirements for the entire application system.

The pallet RFID tags should be able to work in specific environments such as low temperature, high temperature, mechanical shock, random vibration, humidity, rain and snow, salt spray, sand and dust.

The pallet RFID tag can optimize the overall efficiency of the supply chain, reduce logistics costs, improve the quality of logistics services, and enhance the competitiveness of enterprises

RFID Tag Application Criteria for Pallet-2

Contents

General requirements, functional and specifications, codes, environmental adaptability, security and management, operational procedures, extended applications and exception handling requirements, Annex A (Normative annex) Data Item Coding Rules, Annex B (Normative annex) User area coding description, Annex C (Informative annex) Sample user area data item coding

Functions

Identifying the tag and storing pallet information

Anti-counterfeiting

Remarkable signs after being physically damaged.

Safety assurance and protection in such physical aspects as resistance to distortion, falloff, impact, friction, corrosion, vibration and electromagnetic interference.

Air interface

Security assurance and protection in such electronic aspects as protection against data loss, data tampering and illegal access to data.

The air interface protocol of the pallet RFID tags should meet the applicable technical requirements of ISO/IEC 18000-6 Type C.



RFID Tag Application Criteria for Pallet-2

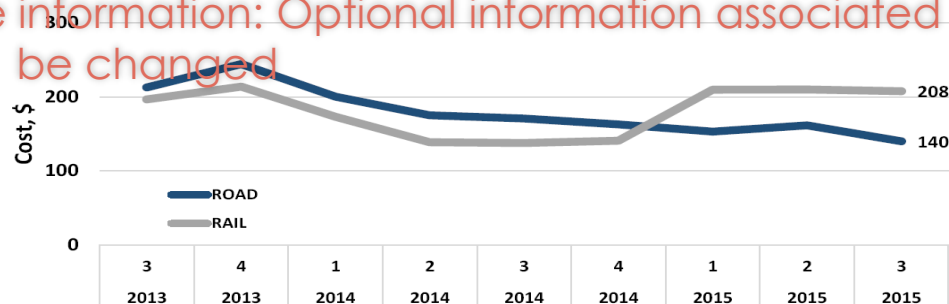
The user area data items & coding

4 Management data items

78 Pallet information data item

➤ Pallet information data item

- 5 data items of mandatory invariable information: Mandatory information associated with the pallet RFID tags and should not be changed
- 6 data items of mandatory variable information: Mandatory information associated with the pallet RFID tags and can be changed
- 6 data items of optional invariable information: Optional information associated with the pallet RFID tags and should not be changed
- 61 data items of optional variable information: Optional information associated with the pallet RFID tags and can be changed



Requirement on container consolidation services of international freight forwarders-1

◆ Goals and context

Along with the development of containerized transport, consolidation services have become one of the main businesses of international freight forwarding business by not only helping to reduce transport costs and improving the logistical efficiencies, but also by providing service convenience to consignors. Further, attention to the container consolidation business process overall and establishing stricter requirements for quality of consolidation services are critically important to defining the rights, obligations and responsibilities of each party and mitigating risks.

◆ Contents

General Service Quality Requirements, Internal Control, Evaluation and selection of service suppliers, Risk Control of Bills of Lading/Waybills, Process Management of Export/Import Business

➤ Process Management of Export Business

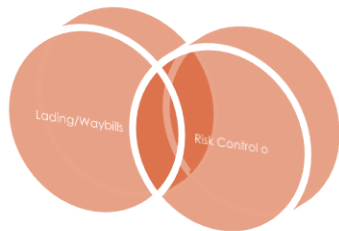
Acceptance of Consignment, Receipt of goods, Pre-Stowage Plan, Preparation and examination of documents, Stuffing, Loading goods on board, Settlement, Issuance of Bills of Lading or Waybills, Delivery of Goods

➤ Process Management for Import Business

Receipt of Documents, Preparation and examination of documents, Issue of LCL delivery order, Distribution, Payment and Settlement



Requirement on container consolidation services of international freight forwarders-2



The information in the bill of lading/waybill should be clear. The terms should be rigorous and consistent, and should be marked "original" related words

International conventions, laws and regulations and clauses in the bill of lading/waybill issued by the actual carrier involved in all the passing countries or regions should be researched.

It should not be stipulated in the bill of lading/waybill to undertake the obligations which are not stipulated in aforementioned international conventions, laws and regulations or clauses in the bill of lading/waybill issued by the actual carrier

It should not be stipulated to give up the rights granted by aforementioned international conventions, laws and regulations or clauses in the bill of lading/waybill issued by the actual carrier, such as the exemption from liability or limitation of liability.

The laws and regulations of all the passing countries or regions should be complied with, in particular the country or the region of origin and destination.

The necessary filing for mentioned bill of lading/waybill should be carried out

Requirement on container consolidation services of international freight forwarders-2

Stu
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Containers should be cargo-worthy

Careful cargo operation and dunnaging and lashing measures should be taken to avoid damage to the goods

The goods of different clients should be marked and separated with effective measures;

The goods, which may affect each other in nature but can be packed into the same container by segregation, should be segregated from each other as far as possible with effective segregating measures

The distribution of weight should be balanced inside the container to avoid partial over-loading or under-loading

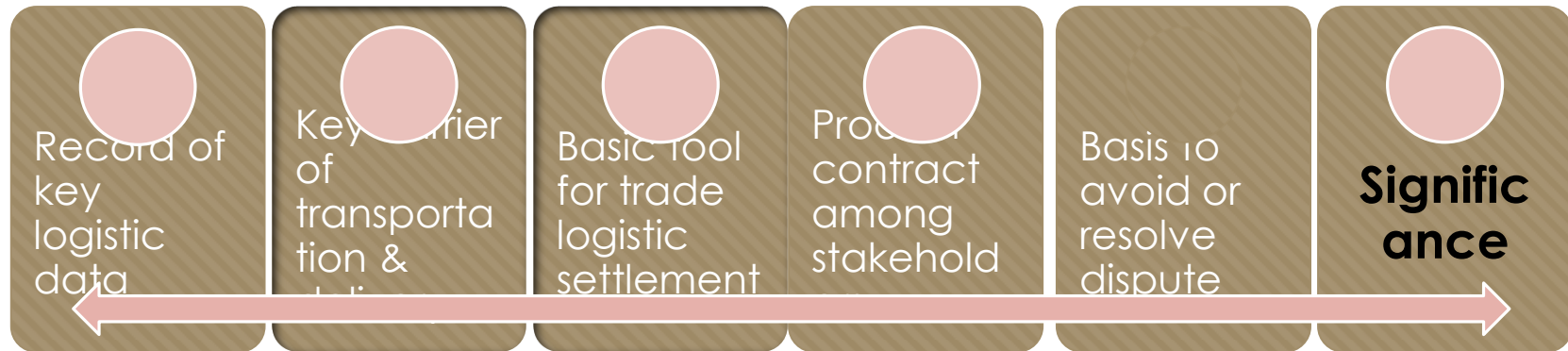
The goods inside the container should be stacked neatly without unnecessary gaps,

In case necessary wood materials are in need to reinforce or segregate the goods, clean, dry, and non-polluting materials should be used

It should be prohibited to squeeze the goods rudely to avoid inner goods collapse, goods deformation, damage, as well as goods collapse or personal injury due to goods ejection when unstuffing

When necessary, the goods stowage plan should be made to facilitate unstuffing and inspection.

Guidelines on the Preparation for International Freight Forwarding Documents -1



Objective

This standard specifies the codes of document preparation, examination related to international freight forwarding

Scope

This standard is applicable to document preparation, examination and issuance under the documentary credit related to international freight forwarding, and may also be used as the basis for the document preparation, examination and issuance under the contracts (under the condition of non-L/C payment terms). This standard may also be used as the basis for enterprises and competent authorities to manage relevant documents.

Guidelines on the Preparation for International Freight Forwarding Documents -2

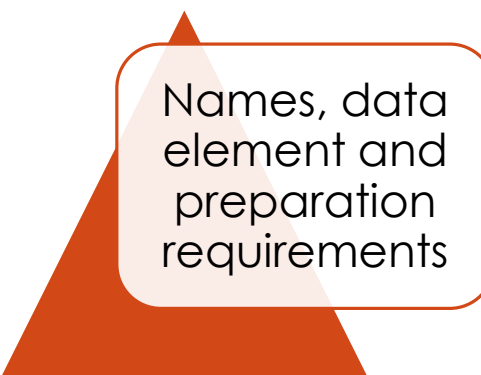
Contents

Types of Relevant Documents, Specifications and Layout of Documents, Qualification, Principle of Preparing Documents, Basic of Preparing Documents, Preparation Procedures, General Requirement for Preparing Documents, Guidelines on Preparing Documents, Examination of documents

General Requirement for Preparing Documents

- Document names shall be consistent
- Goods descriptions shall be consistent
- Measurement units shall be consistent
- Shipping marks shall be consistent
- Currency symbols and amounts shall be consistent
- The date of issuing documents shall be reasonable
- Names of the addressees (recipients) shall be consistent
- Names of the drawers (issuers) shall be consistent
- The number of copies of documents shall be consistent
- All necessary documents shall be complete, and the contents of various documents shall be consistent with each other
- The serial number or number of each document shall meet specific requirement
- The documents shall be presented in line with the date stipulated
- The copies of all documents shall be kept on file and be indexed for further reference

Guidelines on the Preparation for International Freight Forwarding Documents -3



Names, data
element and
preparation
requirements

Transport Document

- Multimodal transport document
- Bill of lading and non-negotiable sea waybill
- Charter party bill of lading
- Air transport document
- Road, rail or inland waterway transport documents



Commercial Invoice

Packing List, Weight List and measurement List

Transport Document

Insurance Document

Customs Declaration Document

Inspection and Quarantine Document

Draft

Certificate of Origin

Coding Rules for Document and Carrier Identifier-1

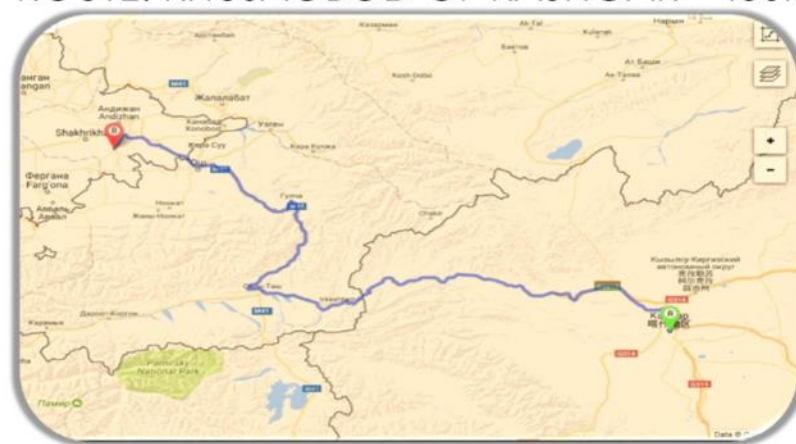
Goals and context

Due to the absence of uniform rules for coding of numerous carrier identifies, company self-defined codes differ remarkably from each other, directly affecting and reducing the efficiency and effectiveness of business information exchange. The authenticity of codes is difficult to confirm, which increases operating costs and risks of companies.

This standard has been formulated to specify the document and carrier identifiers and provide technical support and safeguard for information exchange and sharing, business statistics, business management and transactions of carriers.

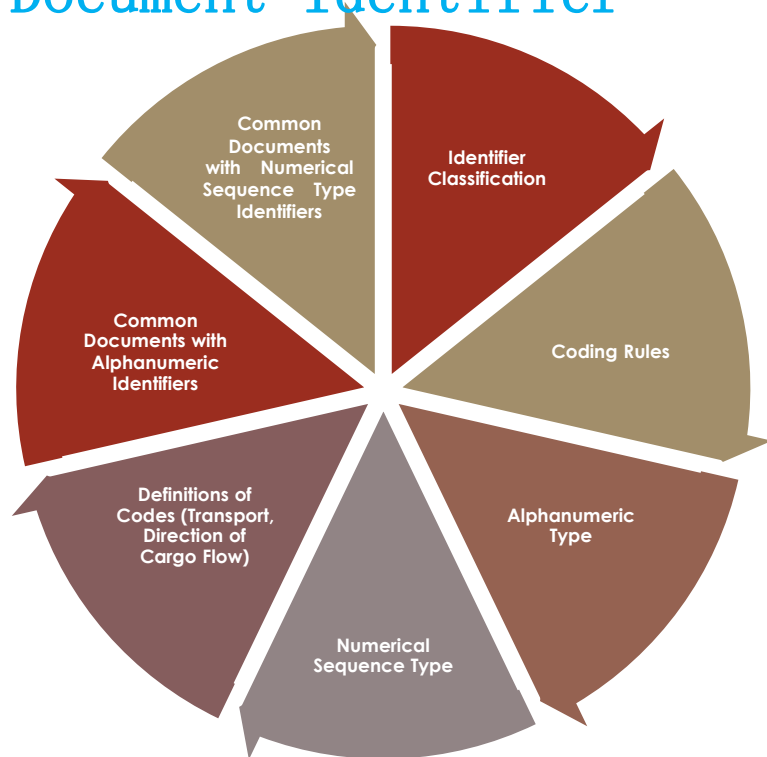


ROUTE: KHUJAOBOD OF KASHGAR - 450KM

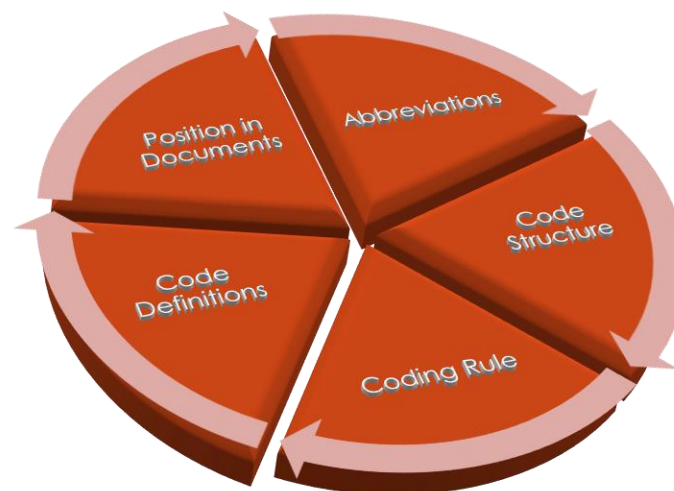


Coding Rules for Document and Carrier Identifier-2

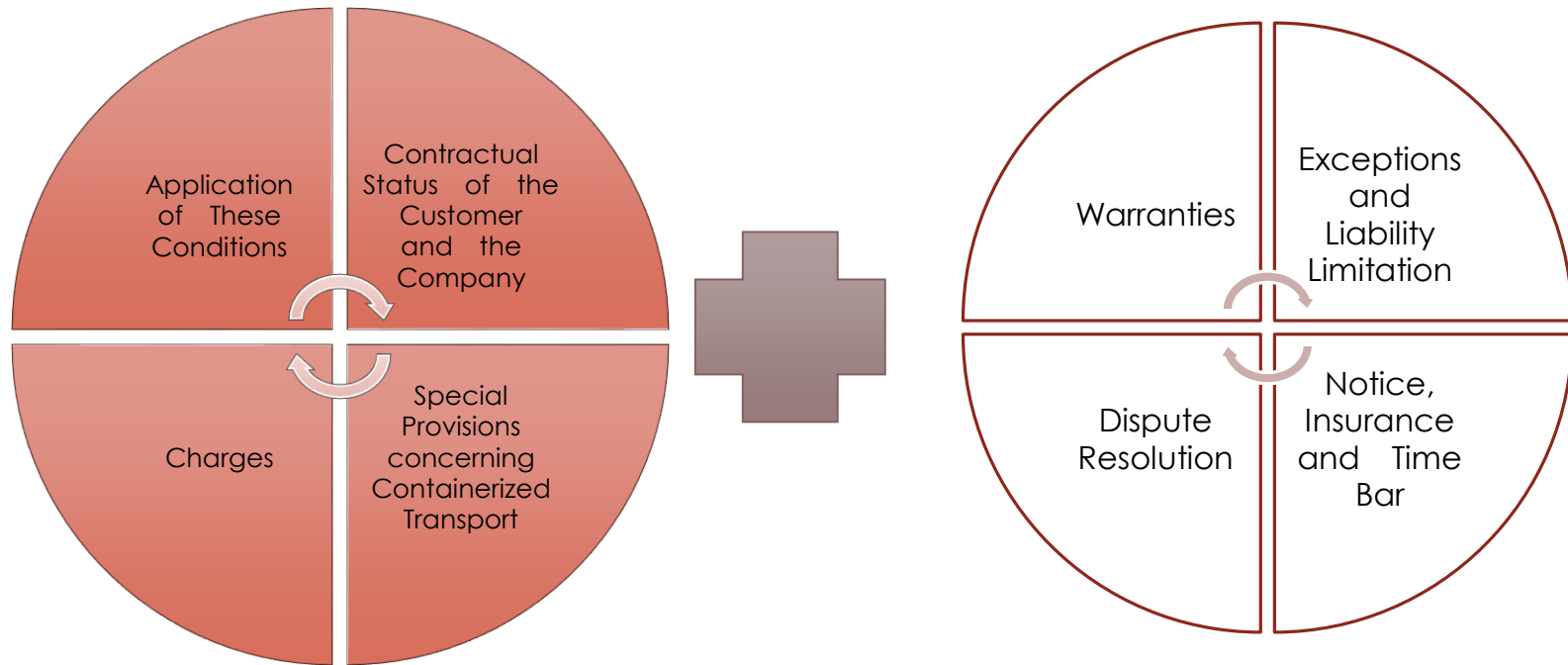
Contents of Document Identifier



Contents of Carrier Identifier



International Freight Forwarders Standard Trading Conditions-1

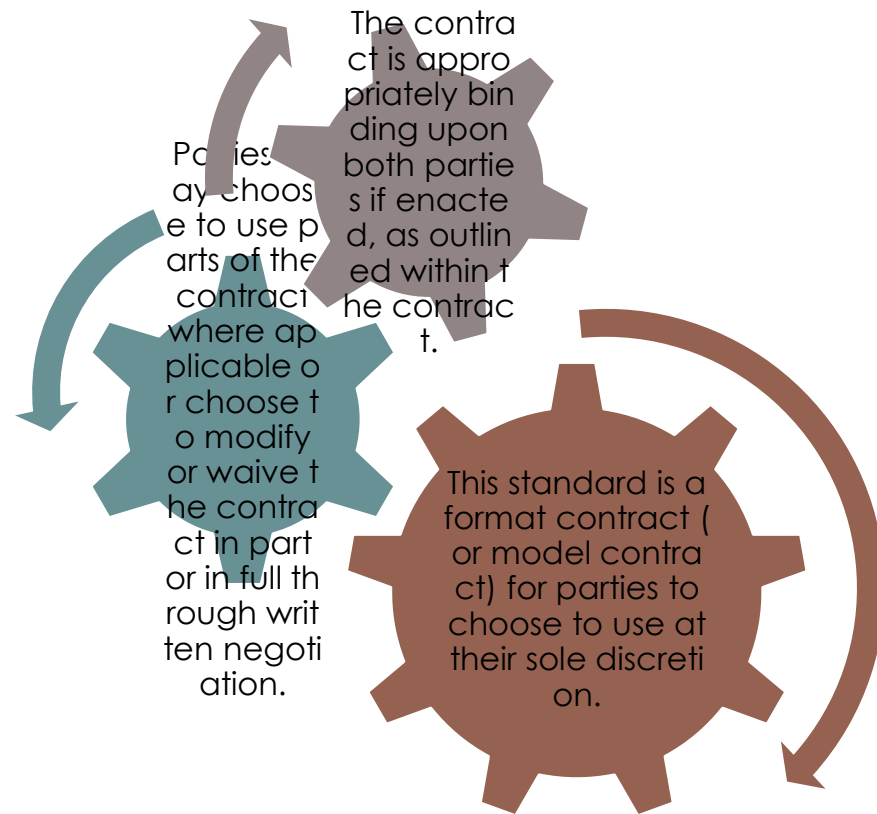


Contents

International Freight Forwarders Standard Trading Conditions-2

Goals and Context

eliminates the onerous process of item-by-item negotiations and consultations between parties



International Freight Forwarders Standard Trading Conditions-2



Application of These Conditions

- This standard constitutes an integral part of the agreement between the Company and the Customer.
- This standard may be modified or waived in part in writing by agreement between the Company and the Customer.
- Where the clauses of the agreement between the Company and the Customer or the clauses of the transport documents issued by the Company, which includes but are not limited to air waybill, sea waybill, international through rail waybill and multi-modal bill of lading indicating the Company as the carrier, are contrary to the provisions of this standard, the clauses of the agreement or the bills shall prevail.
- No omission or delay on the part of the Company in exercising its rights shall operate as a waiver thereof, nor shall any single or partial exercise by the Company of any such right preclude the further or other exercises thereof or the exercise of any other right which it has.
- The rights and remedies of the Company provided in this standard shall not be exclusive of any rights or remedies otherwise provided by law.
- Each of the provisions of this standard is distinct from the others and if at any time one or more of such provisions is or becomes invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions of this standard shall not in any way be affected or impaired thereby.

2017 Forum on Regional Knowledge Sharing



Than you !

Capt. Lin Zhong

Chairman of CAREC Federation of Carrier and Forwarder Association

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