

# Exporting 101— Ship Your Product

## How Do I Ship My Product Overseas?

Shipping your product to a foreign country requires an understanding of packing, labeling, insurance, Incoterms, and documentation.

Many companies use freight forwarders to assist with shipping and documentation.

A freight forwarder is an agent for moving cargo to a foreign country. Freight forwarders can provide companies with quotes for shipments, make freight arrangements, and produce export documents.

Although a freight forwarder is not absolutely required for a successful export shipment, a licensed Customs House Broker is required to clear goods imported into any country.

## Prepare for Shipment

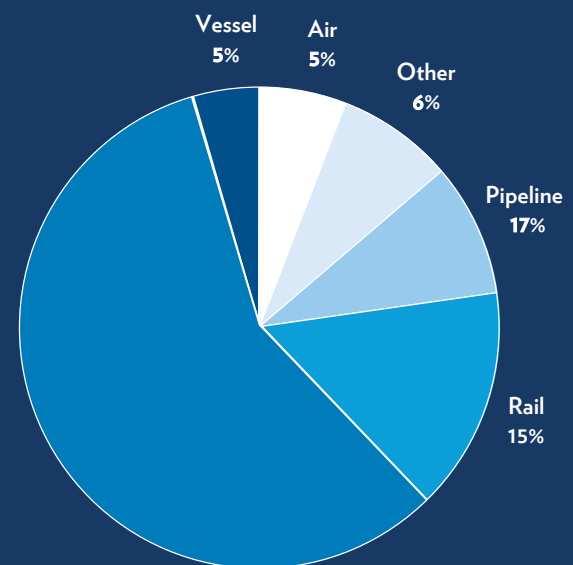
### Packing

Exporters should keep four issues in mind when packing goods for shipment to a foreign country: breakage, moisture, pilferage, and excess weight. Considering packaging requirements at an early stage can help exporters avoid damaged goods and excess costs. Trade.gov offers an overview of common packaging methods: [learn more about packing your products for shipping.](#)

### Labeling

Specific markings are often required on packages and cargo shipped internationally. Examples of markings that may be required include: country of origin, weight, handling instructions, labels for hazardous materials, the port of entry, and the total number of packages in the shipment. Customs regulations regarding labeling are strictly enforced. For more information, ask your freight forwarder and see [Export.gov's labeling guide.](#)

## Canada is Virginia's Top Export Destination



# 52%

of all goods exported from the U.S. to  
Canada travel by truck

(Source: [Bureau of Transportation Statistics](#))

## Insurance

Insurance is a required protection for all exporters and can often be arranged through a freight forwarder. Insurance can protect against loss, damage, and delay in transit. Arrangements for insurance may be made by either the buyer or the seller, in accordance with the terms of sale. For more information, visit [Trade.gov](https://www.trade.gov).

## Incoterms®

Incoterms are a set of uniform rules which clarify the costs, risks, and obligations of buyers and sellers in international transactions. Incoterms have a standard meaning worldwide. It is important that the seller and buyer agree on the Incoterm to be used and understand their responsibilities in order to provide an accurate price quotation and avoid disputes. Incoterms were updated in 2020; parties to a sales contract should clearly specify the chosen version of Incoterms being used (i.e., Incoterms® 2010, Incoterms® 2020, or any earlier version). Companies should have an Incoterms reference available, such as the International Chamber of Commerce's [Incoterms® 2020](https://www.icc.org/publications/2020-incoterms).

### Incoterms that apply to any mode of transport:

- **EXW** Ex Works
- **FCA** Free Carrier
- **CPT** Carriage Paid To
- **DPU** Delivered at Place Unloaded
- **DAP** Delivered at Place
- **DDP** Delivered Duty Paid
- **CIP** Carriage and Insurance Paid To

### Incoterms that apply to sea and inland waterway transport only:

- **FAS** Free Alongside Ship
- **FOB** Free on Board
- **CFR** Cost and Freight
- **CIF** Cost, Insurance, and Freight

### Incoterms Example: FOB (Free on Board)

Using the FOB shipping term, the seller is responsible for clearing the goods for export and delivering them on board the ship, but does not bear risk or costs afterwards. In other words, risk passes to buyer, including payment of all transportation and insurance costs, once the seller delivers the goods on board the ship.

#### FOB: Seller's Responsibilities

- Provide required export documents
- Obtain export licenses and authorizations
- Package the goods appropriately
- Pay for inspections that may be required for export
- Pay all costs to transport the goods on time on board the ship at the named port
- Assume all risks of loss or damage for the goods until they are delivered on board the ship

#### FOB: Buyer's Responsibilities

- Obtain import licenses and authorizations
- Pay all costs for transport after the goods have been delivered on board the ship
- Assume all risk of loss or damage after the goods have been delivered on board the ship

Note: This information is only a summary of the buyer's and seller's responsibilities.

### How to Use Incoterms

There is no default Incoterm. Exporters should select a term that will be advantageous to them. Incoterms are not law and are only contractually binding when both the seller and the buyer mutually agree in writing (in the sales contract or purchase order). Incoterms should be factored into all pricing quotations and written using the following format: **Price + Incoterm (named place, port, or vessel) Incoterms 2020**.

**Example: \$1,000 FOB, ABC Shipping Line, Vessel XYZ, Richmond, Virginia, USA Incoterms 2020**

# Essential Export Documents

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## INVOICES

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**Pro Forma Invoice** A pro forma invoice is a formal quotation for an export sale. The pro forma invoice is sent to the buyer before the shipment, giving the buyer a chance to review the sale terms (quantity of goods, value, specifications) and get an import license, if required. It also allows the buyer to work with his or her bank to arrange financing for the payment. If no changes are required on the pro forma invoice after the buyer reviews it, the exporter can simply change its date and title and turn it into a commercial invoice.

**Commercial Invoice** A commercial invoice is a bill prepared by the seller and given to the buyer. The invoice identifies the buyer and seller, goods sold, terms of sale, Incoterms, payment terms, relevant bank information, and shipping details. An invoice may be itemized to show cost of goods, freight, and insurance, or special handling. Because governments use the commercial invoice to assess duties, the description of the goods should match the product’s classification. The country of origin should also be included.

**Consular Invoice** A consular invoice is the commercial invoice stamped or notarized by the consulate or embassy of your customer’s country, if required.

**All invoices should include a statement to inform your customers that your company is abiding by U.S. export regulations, such as:** These commodities, technology, or software, were exported from the United States in accordance with the Export Administration Regulations. Diversion contrary to United States law is prohibited.

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## BILLS OF LADING

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A bill of lading is a contract between an owner and a carrier to deliver goods. The customer generally needs the original bill of lading as proof of ownership to take possession of the goods. Bills of lading are often generated electronically by the shipping line company using the data sent by the shipper.

**Non-negotiable or Straight Bill Lading** Indicates that the shipper will deliver the goods to the buyer and that title of the goods of has not been transferred to the shipper. In other words, the buyer or seller “owns” the goods while they are being shipped. **More information can be found at [Trade.gov](https://www.trade.gov).**

**Negotiable or Shipper’s Order Bill of Lading** Serves as a title document to the goods, issued “to the order of” a party, such as the buyer’s bank (when using a Letter of Credit) or the shipper. A negotiable bill of lading can be bought or traded while the goods are in transit.

**Airway Bill** The Airway Bill is a form of bill of lading used for air transport. Airway bills are shipper-specific (ex: UPS, Fed-Ex). Airway bills are non-negotiable, and the original airway bill is rarely needed by the importer to prove ownership.

(Source: [U.S. Commercial Service](https://www.trade.gov))

# Common Export Documents

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## BILLS OF LADING

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### Export Packing List

An export packing list is prepared by the shipper and contains more detailed information than a standard domestic packing list. No pricing information should be included on the export packing list. The quantity and items listed on the commercial invoice must match with the packing list.

#### Essential Information to Include:

- Seller's and buyer's information
- Invoice number
- Date of shipment, mode of transport, carrier
- Product descriptions and quantities
- Type, quantity, and dimensions of packages
- Any special package marks
- Total net and gross weight (U.S. and metric)

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### Electronic Export Information (EEI)

Formerly known as the Shipper's Export Declaration, EEI is used for collecting export statistics and enforcing U.S. export laws. To properly complete an EEI, the exporter is responsible for classifying each product. Products requiring an export license must include the license number in the EEI. All Legacy AESDirect and new filers must register and submit the required Electronic Export Information (EEI) to the Automated Commercial Environment (ACE) at [www.cbp.gov/ace](http://www.cbp.gov/ace). Exporters will obtain an Internal Transaction Number (Ex: ITN X20091110000001) to use on key shipping documents. Exports with a value below \$2,500 must be noted as follows: "No EEI required, shipment valued under \$2,500 per individual Schedule B Number." Filing an EEI is not required for shipments to Canada (unless an export license is involved).

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### Certificate of Origin

A Certificate of Origin states a product's country of origin and is required to take advantage of many U.S. Free Trade Agreements. The certificate is prepared by the exporter and certified by an authority, such as a Chamber of Commerce. Different certificates are often required for each Free Trade Agreement.

#### USMCA Certificate of Origin

The USMCA no longer requires a certificate of origin. Rather, a minimum set of data elements must be submitted to prove origin. These elements may be on an invoice or any other document, except a commercial document issued in a non-Party, in accordance with the Uniform Regulations. For more information visit [Trade.gov](http://Trade.gov).

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### Certificate of Free Sale

Certificates of Free Sale are sometimes requested by foreign buyers to assure that products are freely available and sold in the United States. Certificates of Free Sale are issued by regulatory agencies in the U.S. and by Virginia Economic Development Partnership for some products manufactured in Virginia. [Click here to request a Certificate of Free Sale.](#)

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### Dock Receipt or Warehouse Receipt

The dock receipt or warehouse receipt is issued by a warehouse supervisor or port officer and certifies that goods have been received by the shipping company. This document is used to transfer accountability when goods are moved by the domestic carrier to the port of embarkation and left with the international carrier.

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### Shipper's Letter of Instruction

The shipper's letter of instruction is created by the exporter and instructs the forwarding agent on special shipping instructions for air and ocean shipments. This letter also can serve as evidence of the shipment and contains shipment details for regulatory and billing purposes.

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### Dangerous Goods Declaration

Certain exports are classified as dangerous goods, especially for air travel. These products must be accompanied by the Shipper's Declaration for Dangerous Goods. The exporter is responsible for accuracy of the form and ensuring that packaging, marking, and other requirements are met. For more information, see the [U.S. Department of Transportation](#) and the [International Air Transport Association](#).

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Virginia Economic Development Partnership - International Trade offers a number of export-related services to Virginia businesses, including trade missions and market research by our Global Network of in-country consultants. These services are available to all Virginia exporters.

For more information, please visit our website, [ExportVirginia.org](https://www.ExportVirginia.org).

## Additional Resources

### **Incoterms® Rules 2020**

[Trade Finance Global](#)

### **Incoterms® 2020 Overview**

[U.S. Commercial Service](#)

### **File Electronic Export Information (EEI) Online**

ACE at [www.cbp.gov/ace](https://www.cbp.gov/ace)

### **Illustrated Guide to Incoterms® 2020**

[World Trade Press](#)

### **Request a Certificate of Free Sale**

[Virginia Economic Development Partnership](#)

### **Common Export Documents**

[U.S. Commercial Service](#)

### **Sample Export Packing List**

[U.S. Commercial Service](#)

### **Sample Certificate of Origin**

[U.S. Commercial Service](#)

### **Special Documents Used in Exporting**

[U.S. Commercial Service](#)

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