

# ■ The Fundamentals of Export Documentation

Accuracy Saves Time and Money

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The basics of U.S. export documentation include but are not limited to a commercial invoice, packing list, certificate of origin, shipper's letter of instructions, shipper's export declaration, and ocean bill of lading or air waybill. Depending upon the ultimate destination, further documentation may be required in order to fulfill the terms of sale as well as to adhere to the particular customs regulations of a given nation. Generally speaking, nations of both Latin America and the Middle East may not be as lenient as European or Pacific Rim nations when assessing compliance with their individual documentation requirements, assessments that could result in customs penalties and fines, temporary seizure of goods, or the forfeiture of goods.

Absolute adherence to export documentation requirements need not be viewed as simply the task of complying with U.S. and foreign customs regulations. On the contrary, documentary compliance is an important task when completing any export transaction and in some cases can help to avoid any negative financial repercussions associated with errors in documentation.

In most cases, a freight forwarder, airline, or steamship line will prepare the air waybill or ocean bill of lading on behalf of an exporter. Both of these documents are essential to their respective mode of transportation; each clearly

defines the terms and conditions of the export transaction and should also be consistent with any and all additional information provided on the remaining export documents. The waybill and the bill of lading each confirm receipt of the cargo to be shipped, contain a description of the cargo, and set forth the contract of carriage between the owner/shipper and the carrier.

## ■ COMMERCIAL INVOICE

Obviously, a seller issues a commercial invoice to a buyer in an export transaction. Along with an ocean bill of lading or an air waybill, the commercial invoice needs to present the principal information of the export transaction and includes the following:

- Name of the seller of the goods (shipper/exporter)
- Name of the buyer of the goods (consignee/importer)
- Commercial value in U.S. dollars (unit price/total value)
- General description of the goods
- Date of the transaction
- Any applicable reference numbers (e.g., invoice numbers, purchase order numbers, letter or credit number, etc.)
- Original signature (not required for every destination)
- Diversion clause
- Terms of sale
- Terms of payment

## ■ PACKING LIST

In addition to clearly identifying the seller and buyer of the goods (in accordance with the commercial

invoice), the packing list, prepared by the seller/shipper, should also clearly indicate the specifics of each package. As with other export documents, the information on a packing list must be consistent with each export document presented to U.S. Customs. Any discrepancies between a packing list and an air waybill or ocean bill of lading regarding the exact number of packages and weight will generally result in customs clearance delays at destination. A basic packing list contains the following information:

- Name of the seller of the goods
- Name of the buyer of the goods
- Date of the transaction
- Any applicable reference numbers
- The quantity and type of packages shipped (e.g., cardboard cartons, wooden crates, skids, etc.)
- The net weight and gross weight of each package
- The dimensions of each package

## ■ CERTIFICATE OF ORIGIN

A certificate of origin is not required for every destination, although it is should be considered an important export document for several reasons. Some nations may require a certificate of origin to compile statistical trade data, while other nations may use a certificate of origin for financial reasons (e.g., to assess the eligibility of goods for preferential duty rates or duty-free importation). Most nations use and accept many formats of a certificate of origin provided they contain the necessary information. However, some nations, Israel in particular, will only accept one

distinct type of certificate or origin. A standard certificate of origin, prepared by the shipper or the forwarder, contains the following information:

- Name of the seller of the goods
- Name of the buyer of the goods
- General description of the goods
- Date of the transaction
- Any applicable reference numbers
- Original signature
- Diversion clause
- Named origin of goods
- In many cases, the certificate of origin will need to be notarized by a local chamber of commerce

### SLI/SED

A shipper's letter of instructions (SLI) is used to clarify the exporter's intended transportation and payment terms to the respective freight forwarder, airline, or steamship line.

A shipper's export declaration (SED) is required for export from the United States, and it provides necessary export information to several U.S. government agencies. The U.S. principal party of interest (USPPI) must complete the SED. The USPPI is defined as the exporter for export control purposes. However, there are instances in which a foreign party may act as the principal party of interest (PPI), in which case it is necessary for the U.S. exporter to provide a foreign power of attorney. The SED must also clearly identify the ultimate end user of the export shipment. Generally, when the value of each exported commodity (Schedule B number) is less than \$2,500 and is not licensable, an export declaration is not submitted to U.S. Customs; however, U.S. Customs must be notified of this exemption on the bill of lading or air waybill. (An SED is not required for most shipments to most countries if the value of each commodity/Schedule B number is less than \$2,500. Nevertheless, an SED is required for shipments to certain countries and for shipments subject to export licenses regardless of value. See the resource list for more information.)

Although the SLI and SED are available separately, they are now commonly merged into one document. Also, a signature on the SED (or the merged SLI and SED) acts as a one-time limited power of attorney for any involved third parties such as freight forwarders. The SLI and SED generally contain the following information:

- Name of the USPPI or foreign PPI
- Name of the ultimate consignee of the goods
- Intermediate consignee, if applicable
- General description of the goods
- Date of exportation
- Any applicable reference numbers
- Original signature by a duly authorized officer or employee of the USPPI
- Diversion clause
- U.S. state of origin
- Mode of transportation
- Port of loading and unloading
- Temporary import number and or import entry number, if applicable
- Request for insurance coverage (or denial)
- Return or abandon instructions should a consignment be undeliverable
- Country of ultimate destination
- Schedule B number and value of each commodity tendered for export
- Export license number or license exemption
- Export Control Classification Number (ECCN), if applicable
- Origin of production (domestic, foreign, or items produced for the Foreign Military Sales program)

Export documentation may vary on a shipment-by-shipment basis; as such, clear instructions should be obtained for each export transaction. Financial documents, such as a sight draft or a letter of credit, may stipulate that additional export documents be provided in order to fulfill the terms of a given contract. Some destination countries may also require that their respective consulates in the United States legalize certain documents prior to export from the United States. Other documentation, such as inspection certification, export licensing, or an insurance certificate, may be

### Resources

For information about when to file an SED, see the "Need Help Completing the SED" link, which is accessible from the SED header of the U.S. Census Bureau's foreign trade page ([www.census.gov/foreign-trade/www](http://www.census.gov/foreign-trade/www)). The user guide of AESDirect ([www.aesdirect.gov](http://www.aesdirect.gov)) also provides information on SED filing requirements. (The Automated Export System, or AES, is an electronic means of filing shipment information directly to U.S. Customs; it is an alternative to paper SEDs. The AES offer options for transmitting data to U.S. Customs. One option is AESDirect, the Census Bureau's free, on-line program.) The U.S. Bureau of Customs and Border Protection has an export site that includes information and inter-agency links regarding the AES, export licenses, denied persons lists, and more ([www.customs.gov/xp/cgov/export](http://www.customs.gov/xp/cgov/export)).

required depending on the commodity, the destination, and/or the transaction. The importer of U.S. goods may be responsible for other documentation (e.g., an import license) that affects the export shipment. A freight forwarder or any other third-party transportation company assisting an exporter can provide specific documentation requirements on a shipment-by-shipment basis. ■

The author works for a multinational freight forwarding and transportation logistics company. Shipment documentary requirements vary by country and transaction and are subject to change. This article is only a general guide, and it should not be used without checking with customs and foreign trade regulatory authorities in both the United States and the country of destination of an export shipment.