TEN ITEMS THAT BELONG ON YOUR COMMERCIAL INVOICES

By Catherine J. Petersen

A commercial invoice is a formal request of reimbursement by the seller to the buyer. For your export shipments, it can serve several added functions:

- The destination country requires it before clearing the goods through customs.
- If there is an insurance claim on the shipment, it serves as a key supporting document.
- The buyer uses it to release funds through its bank to the seller.
- A bank examines it before reimbursing funds under a letter of credit or documentary collection.
- U.S. export regulations require that exporters retain it for five years from date of shipment.
- Exporters can use it to support foreign credit risk insurance claims.

In order to meet all these requirements, the commercial invoice needs to include, but is not limited to, items in the checklist below and will mirror the details specified in the quotation, purchase order, and order acknowledgement.

A commercial invoice is NOT a proforma invoice, which is a preliminary invoice. A proforma invoice is issued to assist the buyer in obtaining a letter of credit or an import permit in advance of the international shipment.

The U.S. Government does not specify the details that must be contained in a seller’s commercial invoice. The items presented in this checklist were gleaned from a variety of resources including the World Customs Organization’s standards, Bloomberg/BNA’s documentary requirements, and guidance provided at Export.gov.

COMMERCIAL INVOICE CHECKLIST

1. The time when and the place where the merchandise is sold.
2. The seller’s name, address, contact information, and possibly its tax identification number.
3. The buyer’s full name, address, contact information, and possibly its tax identification number.
4. The ship to party’s full name, address, contact information, and possibly its tax identification number (if different from the buyer’s).
5. A detailed description of the merchandise, including but not limited to:
   a. HS Number (first 6-digits of the Schedule B or HTSUS number),*
   b. Name by which each item is known; Grade or quality;
   c. Marks, numbers, and symbols under which the merchandise is sold,
6. Currency & Country of origin, Quantity, Price per unit & country of shipment
7. The relevant trade term and the location associated with the term, such as: Incoterms 2010, Free Carrier at Your Forwarder’s Facility, Chicago, IL USA.
8. All goods and services provided by the buyer for the production of the merchandise (e.g., assists such as tools, dies, molds, and engineering work).
9. A signature, signor’s title, and date of signing.
10. Additional information provided in the terms and conditions or on the document:
   a. Import license requirements, if known,
   b. Additional certifications and statements required by the buyer’s country,
   c. U.S. government issued certifications to be provided,
   d. U. S. export controls (i.e., EAR, ECCN or USML),
   e. Where title will transfer from the seller to the buyer,
   f. Method of Payment,
   g. Relevant law, and
   h. Other.

*Many firms are adding the Harmonized System (HS) Number to their commercial invoices and consider it a best practice; others are refraining from adding the number to the line item detail. They are refraining from adding the number as there can be differing interpretations of a product by customs in the destination country. Each company must choose its position regarding the addition of the classification of its goods on the commercial invoices that they issue.

**RELEVANT DEFINITIONS**

**Country of Origin:**

The country of origin of a product is the last country in which the product was manufactured or significantly altered. This may be different from the country in which the supplier or manufacturer is located or where you purchased the product.

The country of origin of an imported product is defined in U.S. law and customs regulations as the country of manufacture, production or growth of any article of foreign origin entering customs territory of the United States. The customs territory of the United States is defined in General Note 2 of the Harmonized Tariff Schedule as the 50 states, the District of Columbia, and Puerto Rico and reference 19 C.F.R. SS 134.1.

According to the Congressional Research Service report of 2012, *International Trade: Rules of Origin*, there is no specific U.S. Statute that provides an overall definition of rules of origin or country of origin. Instead, U.S. Customs and Border Protection (CBP)—the agency primarily responsible for determining country of origin (as it is for enforcing the tariff, customs, and other laws that apply to imported products)—relies on a body of court decisions, CBP regulations, and agency interpretations to confer origin on an imported product if the matter is in doubt.

**Export Control Classification Number (ECCN):**

The ECCN is an alpha-numeric classification found in the Commerce Control List of the Export Administration Regulations to identify items for export control purposes. An ECCN is different from the HS, HTS, or Schedule B numbers. EAR99 is not an ECCN, but a designation the item was not found on the Commerce Control List.
Hamorized Tariff Schedule of the U.S. (HTSUS):

The Harmonized Tariff Schedule classifies a good based on its name, use and/or the material used in its construction and assigns it a 10-digit classification code number. There are more than 17,000 unique classification code numbers. Although the U. S. International Trade Commission publishes and maintains the Schedule in its various forms, U.S. Customs and Border Protection is the only agency that can provide legally binding advice or rulings on classification of imports.

Incoterms® 2010: According to the International Chamber of Commerce, the Incoterms rules are an internationally recognized standard and are used worldwide in international and domestic contracts for the sale of goods. First published in 1936, Incoterms rules provide internationally accepted definitions and rules of interpretation for most common commercial terms.

THE ART & SCIENCE OF PACKING A SHIPPING CONTAINER

By Robert Smith/Logistics 12/1/14

Once you’ve gone through the hard work of getting an export shipment produced and the documentation all in order, some may treat the actual packing of the shipping container to be less critical. The following important things to consider before you even begin loading a shipping container is the art and science of readying your container for its voyage.

The Not-So Indestructible Shipping Container

Once you are ready to ship your freight, there are some important things to watch out for. Start with the container, also known as a cargo transport unit (CTU). Is it seaworthy?

Affixed on the back-left door of every container is a stainless steel container safety certificate. This certificate provides information such as the total mass and maximum stacking weight allowed. It is the responsibility of the owner of the container, which is usually the shipping line, to ensure that each container is maintained and in good order. While containers are inspected at regular intervals, it is still necessary to inspect them before loading to ensure seaworthiness.

Begin by inspecting the outside of the container and make sure:

- There are no holes or cracks in the walls or roof;
- The doors operate properly;
- The closing devices operate properly;
- There are no adhesive labels from the previous cargo, e.g. IMO placards.

Your inspection of the inside of the container should ensure:

- The container is watertight. To do this, someone under supervision should enter the container, close both doors tightly, and look for any light coming in from any pinholes or small cracks. This is very obvious when you are standing in complete darkness.
- The container interior is absolutely dry.
- The container is clean, free of cargo residue, and completely free from any odor.
- No nails or other protrusions exist that could cause damage to the cargo.
After inspecting the container, it is critical that it is properly positioned for loading based on the loading facility’s capabilities. Biological contamination is a risk often overlooked. Containers without a trailer chassis must be placed on a paved level surface to prevent soil being lodged in the corner lashing points. When the container is not being loaded, its doors should never be left open to prevent the possibility of insects, rodents or snakes entering the CTU. Caution should always be taken when loading the CTU outside at night. Floodlights might attract moths and other insects, which could enter the container.

If you can load the container from dock height, the trailer chassis must be attached and supported. The average height of most shipping docks is lower than this height so an extended ramp is usually required to allow forklift loading. Check the container’s floor weight restrictions to ensure that it can withstand certain forklift axle weights. If double stacking is performed, the forklift must have a low mast height to function within the CTU.

Before anyone starts loading a container, some calculations are once again required. That means more science! The gross mass of the payload must be calculated to ensure it is within the container’s allowable physical limits. Overloading a container occurs a lot, and it has calamitous results. The shipper must take into consideration all highway transport weight regulations.

Once the total allowable weight is established, the shipper must determine how the packages will be loaded and distributed within the CTU. The general rule of thumb is 60% of the freight’s mass should not occupy more than more than 50% of the CTU space. In longitudinal direction, the center of gravity of the packed cargo should be within allowed limits. In transverse direction, the center of gravity should be below half the height of the cargo space of the unit.

When planning how to load a container, the shipper should aim at producing either a tight, stow, where all cargo packages are placed tightly within the boundaries of the side and front walls of the CTU, or a secured stow, where packages do not fill the entire space and will, therefore, be secured within the boundaries of the CTU by blocking and/or lashing.

The shipper must also take into account the compatibility of all the cargo and the nature (i.e. the type and strength) or any packages or packaging involved. The possibility of cross-contamination by odor or dust, as well as physical or chemical compatibility, should be considered. Incompatible cargo should be segregated.

Individual packages should be capable of supporting the weight placed above them. Care should be taken so that the strength of packages is appropriate for the stack design. Shippers should also consider any potential problems that may be created for the people unpacking the CTU at its destination. For example, the shipper should avoid the possibility of cargo falling out when the CTU is opened.

As you can see, there are many things to consider when preparing your goods for shipment. It is hoped that you will find the above information relevant to your shipping needs.

If you need assistance or have questions, do not hesitate to contact:

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