

Function of the Bill of Lading

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Loading port	Carriage by sea	Port of discharge
SHIPPER	CARRIER	CONSIGNEE

QUESTIONS

1. What are the four principal functions of the bill of lading?
2. Explain the procedure of issuing B/L: the role of the Shipper, Owner.
3. Who issues, fills in, and respectively, signs the B/L
4. What is the B/L exchanged for in some trades?
5. When will a B/L bear an endorsement?
6. To whom are copies (how many) of the B/L given or sent?
7. When does the shipper pass a full set of bills of lading to his bank?
8. What does the Master or the shipowner's agent require at the port of destination before handing the goods over?
9. What procedure is normally followed if the B/L has been lost or delayed?
10. Why must the bank countersign the letter of indemnity?

The four functions

From our study of the bill of lading, it will be appropriate to record the four functions of this document. Broadly it is

- a **receipt** for the goods shipped,
- a transferable **document of title** to the goods thereby enabling the holder to demand the cargo,
- **evidence of the terms** of the contract of affreightment but not the actual contract, and
- a **quasi negotiable instrument**.

- Once the shipper or his agent becomes aware of the sailing cards or some form of advertisement, he communicates with the shipowner with a view to **booking cargo space** on the vessel or container.
- Provided satisfactory arrangements have been concluded, the shipper **forwards the cargo**. At this stage, it is important to note that the shipper always makes the offer by forwarding the consignment, whilst the shipowner either accepts or refuses it.
- Furthermore, it is the shipper's duty, or that of his agent, to supply **details of the consignment**; normally this is done by completing the shipping company's form of bill of lading, and the shipping company then signs the number of copies requested.

- The goods are signed for by the vessel's chief officer or export **wharfinger**, and in some trades this receipt is exchanged for the bill of lading.
- If the cargo is in good condition and everything is in order, **no endorsement** will be made on the document, and it can be termed a ***clean bill of lading***.
- Conversely, if the goods are damaged or a portion of the consignment is missing, the document **will be suitably endorsed** by the Master or his agent, and the bill of lading will be considered «***claused***» od «***unclean***».

- Bills of lading are made out in sets, and the number varies according to the trade. Generally it is three or four – one of which will probably be forwarded immediately, and another by a later mail in case the first is lost or delayed.
- In some trades, **coloured bills** of lading are used, to distinguish the original (signed) bills from the copies which are purely for record purposes.

- Where the shipper had sold the goods under a **letter of credit** established through a bank, or when he wishes to obtain payment of his invoice before the consignee obtains the goods, he will pass the full set of original bills to his bank, who will in due course arrange **presentation to the consignee against payment**.
- The shipowner or his agent at the port of destination will require one **original bill of lading** to be presented to him before the goods are handed over.
- Furthermore, he will normally require **payment of any freight due**, should this not have been paid at the port of shipment. When one of a set of bills of lading has been presented to the shipping company, the other bills in the set lose their value.

- In the event of the bill of lading being **lost or delayed** in transit, the shipping company will allow delivery of the goods to the person claiming to be the **consignee**, if he gives a letter of indemnity;
- this is normally countersigned by a bank, and relieves the shipping company of any **liability** should another person eventually come along with the actual bill of lading.

- Along with the Bill of Lading the **Dock Warrant** and **Delivery Order** are some of the most important documents of title to the goods.
- The Dock Warrant is a document acknowledging that the goods have been deposited with a dock or port company, a wharfinger, or a warehouse.
- The Delivery Order is a document issued by the shipping company to the port of discharge. By handling this document over to the ship officer the consignee can obtain the cargo.

State (or insert) an appropriate headline for each of the following passages (see a copy of B/L above):

Demurrage, Delay, Loading-Discharging-Delivery, Freight, General Average, Both-to-Blame Clause:

- 1. If the vessel comes into collision with another vessel as a result of the Negligence of the other vessel, or default of the Master or the Servants of the Carrier, the Merchant will indemnify the Carrier against all loss or liability to The other or non carrying vessel**
- 2. The Carrier shall be paid _____ at the daily rate of 45\$ per ton of the vessel's GT if the vessel is not loaded or discharged with the despatch set out in Clause 8; and delay in waiting for berth or off the port to count.**
- 3. The Carrier shall be responsible for any loss sustained by the Merchant through _____ of the goods unless caused by the Carrier's personal gross negligence.**
- 4. The merchant or his Assign shall tender the goods when the vessel is ready to load and as fast as the vessel can receive: _____**
- 5. Prepayable _____: whether actually paid or not, shall be considered as fully earned upon loading and non-returnable in any event.**
- 6. _____ to be adjusted at any port or place at Carrier's option and to be settled according to York-Antwerp Rules 1950.**

Supply the missing word (or verb form) from the brackets: (**GIVE, PAYS**)

- F.A.S.: Under Free alongside ship, the seller _____ all the costs for
- _____ getting the goods to the place before loading them on board the vessel.
- The custom of the port may _____ f.a.s. a special meaning.

(PRODUCE, IMPLIES, SEE, BEARS, GET, PLACED, CEASE, PAYS) - F.O.B.

This quotation – Free on Board - _____ that the duty of the seller is to _____ the goods, _____ them to the port and _____ that they are actually placed on board the vessel, which the buyer provides.

The seller, therefore, _____ all the charges preceding the loading of the goods on the ship, such as cartage, insurance, handling and lighterage. When the goods _____ on board the ship and the seller has obtained the receipt for the goods, the responsibility of the seller _____ . Thereafter the buyer _____ all the charges including insurance of the goods from departure to the port of destination and _____ the freight.

(PROVIDES, REACH, INCURRED, COST, BOOKS, LIABLE, PAYS) - C.I.F. :

Undoubtedly the most popular quotation is cost, insurance freight..

Under a c.i.f. contract the seller _____ the goods, _____ cargo space on the vessel _____ freight for the carriage to the buyer's port which is named, etc. He is _____ for any loss or damage before the goods _____ the ship. The seller is entitled to payment in exchange for the documents – including bill of lading and insurance policy – relative to the shipment. The buyer will be responsible for the charges _____ in getting the goods off the ship to his warehouse, such as lighterage, dock dues and custom duties.

State which parties engaged in the transport by sea are defined below: (shipowner, mate, stevedore, forwarding agent, ship-broker, shipper, owner of the goods, master)

1. Company that undertakes transport by sea on its own account.
2. Company that owns the goods destined for transportation by sea or land.
3. The captain of a ship.
4. Agent arranging collection, forwarding and delivery of the goods.
5. Company or agents securing shipping space and placing them on board a ship for transportation.
6. An agency engaged by the shipowner to perform various services in obtaining cargo, offering shipping space, insurance, arranging freight rates, issuing B/L's etc.
7. Ship's officer responsible for loading and delivery of the cargo.
8. Company that carries out stowage of a ship's cargo, and its loading/discharge.

1. Word forms. Supply the appropriate word listed in the brackets:

(ship, shipper, shipping, shipment)

1. The agent promised to _____ the goods immediately.
2. Warnings to _____ are transmitted every day.
3. The _____ of the cargo is the responsibility of the shipper.
4. The goods were _____ on board in apparent good order and condition.
5. _____ technology has been much improved lately.
6. We received the goods for further _____ to Austria.
7. A _____ note is given to the port and contains details of the cargo to be loaded on a named ship.

2. Condition II. In addition to the conjunction IF and auxiliary SHOULD, clauses of condition can be introduced by:

Provided ...,
Provided that ...,
In the event that

2.1. Find all the examples of the clauses of condition in the text above (5 examples) and rewrite them.

2.2. Transform each of the sentences below by introducing them with:

Should ...
Provided (that) ...
In the event that/In case that ...

1. If the cargo is damaged, a survey must be called at once.
2. If the number of bags is not correct, you must endorse the B/L suitably.
3. The goods cannot be delivered in the original B/L has not been presented to the carrier.

Translation

1. Teret se neće predati prije nego što se izvrši plaćanje (*effect payment*).
2. Na teretnici je upisana opaska u vezi s kvalitetom pakovanja (*endorse the Bill of Lading*).
3. Da bi preuzeo (in order to ...) pošiljku, primalac mora brodu prezentirati teretnicu (*present the B/L*).
4. Odredba «Freight Pre-paid» označuje da je vozarina ubrana prije otpremanja (*collect the freight*).
5. Nakon što je predana originalna kopija teretnice, sve ostale kopije teretnice gube svoju vrijednost (*lose value*).

Translate

1. Vozaar ima pravo zaloga (*lien*) na svaki iznos koji proizlazi (*due*) iz ovog ugovora, te na troškove za ishođenje (*recover*) tog iznosa.
2. Vozaar ima pravo (*entitle*) da proda robu sam (*privately*) ili na dražbi (*auction*) da bi pokrio svoja potraživanja.
3. Pod uvjetom da je zakašnjenje nastalo uslijed (*due to*) razloga koji su izvan moći Trgovca, od prekostojnica odbit će se (*deduct*) 24 sata.
4. Naručitelj će snositi (*bear*) sve troškove prekovremenog rada (*overtime*) u vezi s dopremom (*tendering*) i preuzimanjem robe.
5. Vozaar može (*at liberty*) prevesti robu do luke odredišta svojim ili drugim brodom, ... , te prekrcati jer, iskrcati i uskladištiti na teret Trgovca (*at risk*).
6. Ovaj ugovor uključuje (*include*) normalne, uobičajene, i oglašene luke ticanja, ali i luke izvan redovnih (*ordinary*) ruta.
7. Zapovjednik može iskrcati teret u luci ukrcaja ili bilo kojoj drugoj sigurnoj i pogodnoj (*convenient*) luci, ako epidemije, karantena, štrajkovi, ..., ili teškoće u prekrcaju onemoguće brod da isplovi (*leave*) iz luke ukrcaja.

