

Customer Service Freehand Shipment by Sea

Understanding the pros and cons
of freehand shipments by Sea

FREEHAND SHIPMENT – What is it?



FREEHAND SHIPMENT

What is a “freehand” shipment? No legal definition of a “freehand” shipment (no court definition)

What does it mean?

G7 Networks believe a freehand shipment is prepaid (cargo and freight – CIF or CFR) NOT freight collect.

With freight collect you are asking for services back to you and by so doing you have to accept certain responsibilities.

FREEHAND SHIPMENT - Pros



FREEHAND SHIPMENT - Pros

Pros of freehand shipment (when all is well)

- Pick up USD 25-50 handover fee from consignee's broker
- You may get to secure the customs clearance and build on the profit
- You may get the delivery for more profit
- You may find yourself a new regular customer

FREEHAND SHIPMENT - Cons



FREEHAND SHIPMENT - Cons

For the original fee (25/50) you could find yourself in precarious situation with the carrier, should the consignee turn out to be errant.

- Why? – if you are the named consignee on carriers bill of lading, you are liable for all charges incurred should the shipment run into problems. (abandonment, fake goods, customs issues)
- As the shipper on the bill of lading, you could would/could be liable if the delivery order has not been collected at destination.
- For these small profit amounts, do you need to be named on the bill of lading for these shipments? Is the risk worth it?

FREEHAND SHIPMENT - Issues

Examples

- Shipment from HCM to New Delhi
DO collected by New Delhi agent – consignee never showed up.
Total amount after abandonment: \$30,000 USD.
- Shipment from Mumbai to Caribbean – beer
Consignee refused to collect, carrier went against the agent -\$9,000USD
- Shipment from China to Mexico – Christmas decorations
Arrival delayed, caused abandonment – 2 years to clear – Carrier allowed agent to buy the container to waive the demurrage charges, but he still had all the port charges.

FREEHAND SHIPMENT - Issues

- Shipment from China to Amsterdam – Contraband goods
Shipper and consignee disappeared – Dutch agent avoided fine from customs, but still ended up with a \$15,000 bill for removal, destruction, and carrier charges.
- Shipment from America to India – False invoices for import by consignee (cosmetics)
Consignee disappears – still ongoing, amounts increasing daily (storage and demurrage)
- Shipment china to Malaysia – Marble
Malaysian agent got his \$50 handover, a month later got an invoice from the carrier for \$1,800 for repairs to container.

Problems – Abandonment, false documents, etc

In all of the cases above, profit was \$50 for the handover.

FREEHAND SHIPMENT – Why?



FREEHAND SHIPMENT – Why?

Why are there “freehand” shipments?

A knowledgeable importer or consignee will control his cargo and not allow it to go into just any person’s hand.

Why would you buy product from another country and let anyone handle it?
Who are you dealing with?

Indications we have on Freehand Shipments is the element of risk/monetary losses increase if you are not diligent on verifying the Consignees creditability.

FREEHAND SHIPMENT – Agents role

Responsibilities of agents on a freehand shipments

- **Sending agent** needs to tell his fellow agent clearly stating in his offer that he takes no responsibility for issues at destination.
- **Destination Agent** – ALWAYS do your homework on the consignee BEFORE you agree, even if you are good terms with the sending agent.
- If something goes wrong on your END – you are responsible for it.
- **Look for Key indicators:** LOW VALUE cargo, Second Machinery, Heavy Cargo such as Rock/Marble!!

FREEHAND SHIPMENT – No Control

Out of Agents control Issues:

Example (Argentina) – Customs locks you in via notification from the carrier – even if you haven't been pre-alerted! (G7 Networks take – Sending agent responsible for non-notification to destination agent).

Meaning: Origin Agent will be liable for any storage, demurrage, fines etc. incurred, not caused by Destination Agent or Consignee.

Other issues!!!



Smart Freight Forwarders **Growing Their Business**

Thank you, please contact as below if you would like any further information.

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