
Chapter 2

Transportation Intermediaries

Arranging for export transportation requires attention to detail. First, you must accurately assess your shipping needs and select the most appropriate transportation mode, equipment and routes available. To ensure door-to-door customer service, you may have to use several modes.

To garner optimum cost-efficiency, you may have to consolidate or batch loads. You will have to document all phases of transportation, so that products are properly identified and routed, and can be located in transit if necessary.

And, of course, you will have to comply with all of the regulations and standards governing transportation — federal, provincial, municipal, international and those of the destination country.

In addition to transport documents, you must prepare various export documents, including those required by the Canadian government and by the government of the destination country.

Insurance and payment procedures may need to be arranged.

Fortunately, there are “transportation intermediaries,” specialists who can help small- and medium-sized companies as well as infrequent shippers move goods to market on time, undamaged, and at the lowest possible price. Transportation intermediaries are the architects of the international transport bridge you build between yourself and your foreign customer.

General Considerations

While there are several categories of transportation intermediaries, they break down into two basic groups: transportation brokers and freight consolidators. Both can act either as principal or agent.

As principal, the intermediary assumes responsibility and liability for pick-up, handling, carriage and delivery of a shipment, as would a common carrier.

As agent, the intermediary's responsibility ends once the shipment has been handed over to a licensed carrier who is then liable for its carriage and delivery.

Transportation Brokers

As the name implies, transportation brokers arrange for the movement of freight between transportation purchasers (shippers) and transportation suppliers (carriers). Simply put, brokers are in the business of finding transportation for shippers and freight for carriers.

Freight Forwarders and Consolidators

By consolidating many small shipments from various shippers, freight consolidators may be able to secure more favorable handling, delivery services and rates than individual shippers can obtain.

In general terms, a freight forwarder consolidates individual shipments into single, full loads for linehaul movement by water, rail, road or air carrier, and arranges for distribution upon arrival at the destination terminal.

The freight forwarder usually acts as principal. It issues its own tariffs for the different commodities it handles and charges for each shipment accordingly. The linehaul carrier involved issues a single bill of lading to the forwarder, showing the forwarder as shipper.

The freight forwarder advises the customer on all questions concerning transportation, helps with document preparation, procures transportation, and takes all reasonable measures to ensure that the consignment arrives at its destination in an expedient and safe manner.

With a worldwide network of branch offices and correspondents, the freight forwarder can choose the most favourable routes and means of transport, and simplify and speed up the flow of information and documentation. If required, the freight forwarder can assist in procurement of payment (money transfer, exchange regulations, etc.).