

# NVOCC

Non Vessel Operator

## What is NVOCC?

NVOCC (Non vessel operating common carrier). This was the original expression given to carriers who enter into contracts to carry goods but who did not operate or own the vessels in which the carriage was provided.

A “common carrier” has little protection under the law, being allowed only some very limited exceptions to liability for loss or damage to the goods. Most, if not all, transport operators carry goods under terms and conditions of a contract which may permit more favorable limitations or exceptions to liability. It would therefore be more appropriate to call these “non-vessel-operating carriers”. See NVOCC show in Figure 1.1.



Figure 1.1. NVOCC

“common carrier means a person holding itself out to the general public to provide transportation by water of passengers or cargo between the origin country and a destination country for compensation that:

- Assumes responsibility for the transportation from the port or point of receipt to the port or point of destination.
- Utilizes, for all or part of that transportation, a vessel operating on the high seas or the Great Lakes between a port in the origin country and a port in a destination country.
- ‘Ocean common carrier’ means a vessel operating common carrier; but the term does not include one engaged in ocean transportation by ferry boat or ocean tramp.”

In the definition of the ocean common carrier, the exclusion of the “tramp” vessel seems to imply that such services can only be liner services. This is, indeed, the most common usage of the phrases NVOCC and NVOCC.

If goods are being transported using the services of a freight forwarder who consolidates the goods sent to him for transport into “groupage” shipments, and the forwarder may be a NVOCC in his relationship with the exporters or shippers, then enters into a contract for the carriage of goods with a vessel-operating carrier, and a shipper himself relative to the ocean carrier. When a large freight forwarder provides multimodal transport he can also be a NVOCC because he is the “principal” in the performance of the contract of carriage of goods although he uses the services of sub contracted carriers.

### **Difference between Freight Forwarder and NVOCC**

Some NVOCC's are mistaken for freight forwarders. For example, freight forwarders will supply you with an instant international shipping quote. The easiest way to tell if you are dealing with one or the other is by looking at your bill of lading. The master bill of lading will not be direct with the carrier if your service provider is an NVOCC. NVOCC stands for Non Vessel Operating Common Carrier. This means they are an ocean carrier that does not have ships. They lease space from ocean carriers at a special price and sell the spaces to their customers. They are considered a type of carrier and will have their own bills of lading and other documentation. You would also file claims with your NVOCC if there is a problem and they are fully responsible for your shipping container and cargo. If you are working with a freight forwarder, you have both the forwarder and a carrier to deal with in the case of a claim. You will get a house bill of lading from your forwarder and a master from your carrier.

The main difference between a freight forwarder and an NVOCC is the responsibility. Although both companies will track your cargo and move it through the supply chain, an NVOCC is also acting as a carrier and has more responsibility for your cargo.

### **Advantages of NVOCC**

**Price Stability** International shipping rates increased six times in 2013, either by a general rate increase (GRI) or peak season surcharge (PSS).

Pricing becomes even more of a question mark when shipping LCL (Less than Container Load). NVOCCs specialize in brokering LCL shipments, ensuring a competitive price.

**Capacity** Many carriers have contracts with large companies reserving space far in advance, so when you need space, it may be difficult to come by.

NVOCCs are experts at finding capacity for shipments of all sizes.

**Flexibility** Depending on your business, your international transportation needs may vary from month to month. NVOCCs have the flexibility of a diverse carrier base, and can leverage it to find capacity or more favorable pricing.

**Service** and communication are paramount in supply chain transportation. A trusted NVOCC partner using Tier 1 technology can provide tailored workflows and reporting, based on individual shipper needs, and will maintain communication to ensure smooth delivery.

**Visibility** Global transportation technology means a comprehensive view on the up-to-the-minute status of all products, at all times. Consistent, proactive shipment communication from hands-on customer service representatives is crucial to ensure shippers can get their products to market and meet client demand.