

# OCEAN FREIGHT

Cost-Effective Transport

## What is Ocean Freight?

Ocean freight shipping take part in a crucial part in the shipment of goods in the middle of nation and continents. It provide a cost-effective transportation solution. If transportation time is not important to the shipper, they choose ocean freight shipping. Ocean freight is a low price mode of transportation and is normally used to ship large and heavy freight. Freight or cargo is a as goods transported for business gain. The shipment of cargo through ocean or sea is known as ocean freight shipping.

The primary types of cargo shipped, ocean contains break bulk cargo, bulk cargo, automobiles, containers and heavy weight cargo. Bulk cargo includes goods including salt, oil, tallow, and scrap metal and is normally defined as commodities that are neither on pallets nor in containers. Containers are the largest and fastest growing cargo transferring objects that ship everything from auto parts and machinery components to shoes and toys. Break bulk cargo is material stacked on wooden pallets. Project cargo and heavy weight cargo contains manufacturing equipment, factory components, and power equipment. Ocean freight shipping is essential to the world wealth and carries the bulk of international market. See the Ocean Freight show in Figure 1.1.



Figure 1.1.Ocean Freight

Before selecting a freight, shipper needs to check two basic parameters: The price of shipment and transit time. The price of shipping the load is the total amount of all costs related with operating terminals and vehicles. The cost of transportation service is simply the rate billed by the shipping organization to the shipper. Freight shipping via ocean is four times less costly compared to train and seven times less costly compared to trucks. Transit time is defined by the time a shipment takes to move from the origin to the destination. This parameter is influenced by weather and traffic conditions. Ocean freight shipping normally operates for non-perishable goods and when transit time is not essential to the customer.

Ocean freight shipping mainly provides two kinds of services they are

- Full Container Load (FCL)
- Less than Container Load (LCL)

### Full Container Load (FCL)

Full container load (FCL) is an ISO standard container that is loaded and unloaded under the risk and account of one shipper and only one consignee. In practice, it means that the whole container is intended for one consignee. FCL is intended to designate a container loaded to its allowable maximum weight or volume, but FCL in practice on ocean freight does not always mean a full payload or capacity - many companies will prefer to keep a 'mostly' full container as a single container load to simplify logistics and increase security compared to sharing a container with other goods. FCL container shipment tends to have lower freight rates than an equivalent weight of cargo in bulk.

Full load container service contains shipments that weight between 15,000 pounds and 80,000 pounds.it is used to transport large, heavy freight contains automobiles and manufacturing equipment. See the Full Container Load show in Figure 1.2.

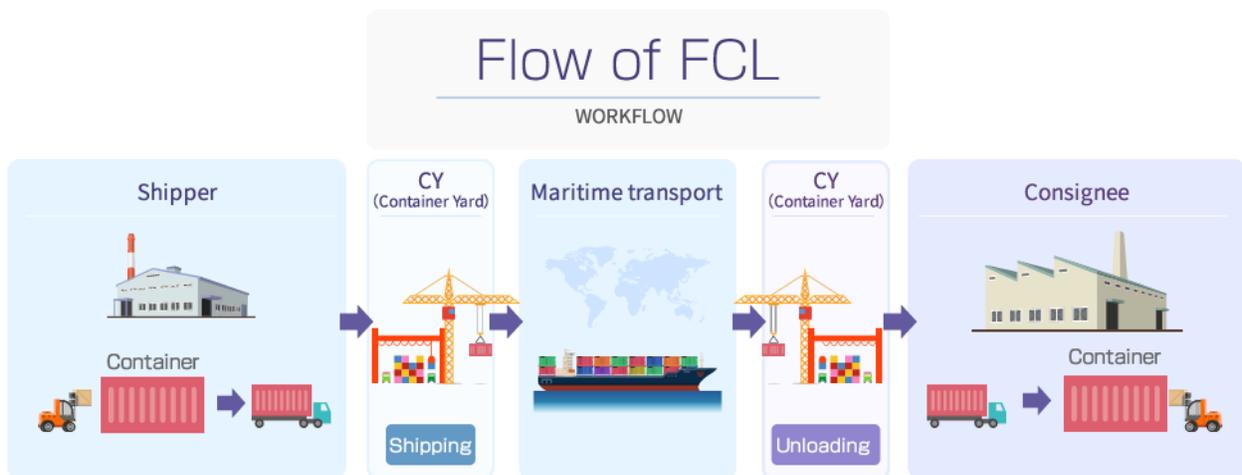


Figure 1.2.Full Container Load

### Advantages of Full Container Load (FCL)

- More cost-effective than air freight.
- Affordable when transporting more than 15 cubic meters.
- Transit than LCL due to lesser handling and unexpected delays.
- High security and fewer risks of damage to the cargo because container is handled less.
- In FCL, the packaging of the freight is decided by the shipper and supplier. Your shipment is delivered to you as per your convenience.

### Less than Container Load (LCL)

Less than container load (LCL) is a shipment that is not large enough to fill a standard cargo container. The abbreviation LCL formerly applied to "less than (railway) car load" for quantities of material from different shippers or for delivery to different destinations carried in a single railway car for efficiency. LCL freight was often sorted and redistributed into different railway cars at intermediate railway terminals in route to the final destination.

LCL is "a quantity of cargo less than that required for the application of a carload rate. A quantity of cargo less than that which fills the visible or rated capacity of an inter-modal container." It can also be defined as "a consignment of cargo which is inefficient to fill a shipping container. It is grouped with other consignments for the same destination in a container at a container freight station". See the Less Container Load show in Figure 1.3.

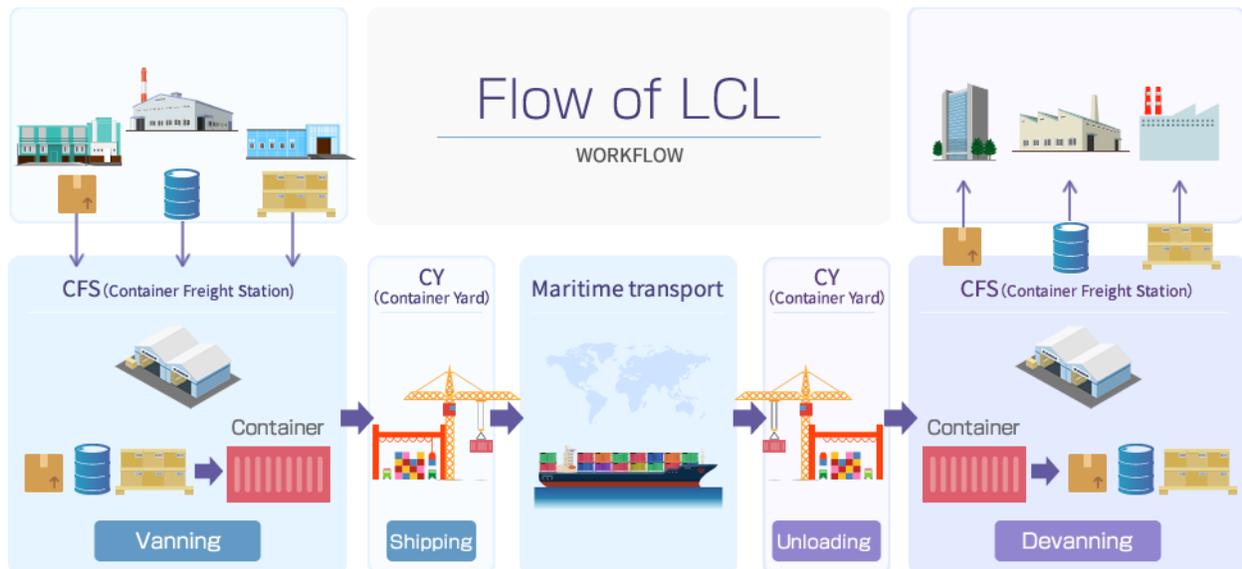


Figure 1.3. Less Container Load

Less than container load services contains shipments that weight between 1,000 pounds and 15,000 pounds. Less than container load lower the transit time and reduce the cost. Another

benefit of LCL is that it keeps the shipment moving to send the goods when they are ready rather than waiting for a full container.

### Advantages of Less than Container Load (LCL)

- More cost-effective for shipments not suitable for FCL.
- More cost-effective than air freight.
- Reduced inventory investment and more flexibility.
- Best shipping method for small volumes.

### Container

Containerization is a system of intermodal freight transport using intermodal containers (also called shipping containers and ISO containers). The containers have standardized dimensions. They can be loaded and unloaded, stacked, transported efficiently over long distances, and transferred from one mode of transport to another container ships, rail transport flatcars, and semi-trailer trucks without being opened. The handling system is completely mechanized so that all handling is done with cranes and special forklift trucks. All containers are numbered and tracked using computerized systems. See the Full Container show in Figure 1.4.



Figure 1.4. Container

As such, depending on the type of products to be shipped or the special services needed from them, container units may vary in dimension, structure, materials, construction etc. various types of shipping containers are being used today to meet requirements of all

kinds of cargo shipping. Some of the most common types of shipping containers in use today are mentioned below.

- Dry storage container
- Flat rack container
- Open top container
- Tunnel container
- Open side storage container
- Double doors container
- Refrigerated ISO containers
- Insulated or thermal containers
- Tanks
- Cargo storage roll container
- Half height containers
- Car carriers
- Intermediate bulk shift containers
- Drums
- Special purpose containers
- Swap bodies

### **Bill of Lading**

Bill of Lading is a written document where detailed characteristics of a shipment and its destination are described. It is mainly related to maritime transportation and used as a legal receipt of the shipment and even a kind of contract for the transportation service.

The term is widely known in the international trade field. Typically, a carrier delivers a cargo to a shipper and both agree and sign a bill of lading, also known as B/L or BOL. This document tends to follow a standard format that contains departure and destination ports, carriers and shipper's name and specific quantities, nature and description of the shipped goods.

It also includes the service contract terms and rates applied in the transportation as well as a unique number or code that facilitates all involved parties to follow the shipment until the owner finally receives it. The bill of lading accompanies the items from departure to destination, no matter the form of transportation.

For example: Toys and Games is a large store brand operating in Costa Rica. It bought five thousand toys from China and plans to sell them at its own stores for Christmas time. The company hired an agent to deal with all the international trade procedures. The agent chose Global Sea Inc., a shipping company that is well recognized within the international trade world.

