**Ocean Shipping SOP**

**Getting started**

Getting started with a Freight Forwarded can be a daunting task. We initially used a forwarder that was recommended by ASM who mistakenly paid are custom duties in RMD versus the USD so we paid 7 times more than we should have. That is why we created this document to help guide you to selecting a freight forwarder so you can learn from our mistakes.

**Selecting a Freight Forwarder**

There are several quality Freight Forwarders located in the USA and China. We have relationships with both but prefer to partner domestically because it is easier to do business and communicate in the US time zones. If you need help and this is your first-time shipping products, we can help. We can put you in touch with our freight forwarder or you can outsource this task to our company.

**Customs Bond**

You will need a Customs Bond to get started. You can pay this fee for each shipment where your forwarder can include in their quote or you can buy an annual Custom Bond for $250. Some forwarders will make this up so we recommend that you purchase directly through Surety1 <https://surety1.com/>.

You can wait until after you have booked your shipment to purchase the bond, but it must be in effect before your goods are loaded on the ship. Since the continuous bond is valid for one year from the date of issue, this will help you get the most out of your bond. This is how we renew our bond every year.

**Entity Information**

This step is very important. Your customs Bond needs to match your IRS Notice emailed to you once you have created your LLC. At the top of your IRS Notice, you will see your “Employer Identification Number” (EIN) The Legal Company Name needs to match the company name exactly as it appears on the IRS Notice. If you are using a “Doing Business As” (DBA) name, it will need to match your companies name exactly as it on the IRS Notice. We suggest copying and pasting this information directly from the IRS Notice to avoid any errors. If you are a “non-resident importer” and do not have an EIN/SSN, leave that field blank. This information will be populated by your Freight Forwarder after you have signed your non-resident “Power of Attorney” (POA).

Your Freight Forwarded may ask for a copy of your letter to ensure there are no discrepancies.

**Power of Attorney (POA)**Your forwarder will ask you to complete a “Power of Attorney”. (POA) This is standard for all Freight Forwards. This will include the company officers contact information and photo ID and will require signature from the company officer

For non-resident POAs, the second signer can be anyone with a valid photo ID. This person acts more as a witness than a company official.

**Important Freight Forwarding Terms**

* Incoterms: Are the commercial terms you have worked out with your supplier. The incoterms describe who is responsible for shipment charges that will impact your quote:
* FOB (Free On-Board): Does not include origin charges in your quote. This means you may Do Not have to pay local Shipping Charges. This is the most common way to ship and we recommend you always request FOB on your initial shipments.
* EXW (Ex-Works): Include origin charges in your quote. This means you may have to pay local Shipping Charges. Not to worry, we have a supplier who does not have an export license but considering we purchase for a price that for a competitive price, the additional amount outweighs purchasing from another supplier that Offers FOB
* Origin: This is the port you are shipping for such as Ningbo or Hong Kong
* Destination: This can be Amazon if you are shipping Directly to Amazon or your 3PL provider such as AMZ Logistics LA, 922 N Cataract Ave, San Dimas, CA 91773.
* Package Details & Shipment Size: Your Purchase Invoice (PI) from your supplier should specify # of Cartons, Carton Measurements, and CBMs. You can email the PIs to your Freight Forwarder to get a quote.
* Compliance Details: It is important to let your Freight Forwarder know if your shipment includes aerosol sprays, lithium ion batteries, products with magnetic properties, or hazardous materials. Never underestimate how many products are considered Hazardous.
* Commercial Invoice: Your supplier will need to prepare a Commercial Invoice for your Shipment and this is what you will pay Custom Fees. This is separate from your Purchase Invoice and does not include information such as wire transfer instructions
* Packing List: Your supplier will need to prepare a Packing List for your Shipment that describes the weights and sizes for the Shipping Companies.