

ONE eBL (Electronic Bill of Lading)

Starter Pack v1.0

September 2021

OCEAN NETWORK EXPRESS Pte. Ltd.

AS ONE, WE CAN.

ONE

OCEAN NETWORK EXPRESS

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What is a Bill of Lading (BL)?

“A bill of lading is a document issued by a carrier to acknowledge receipt of cargo for shipment.”

(Source: Wikipedia)

History of Bill of Lading (BL)

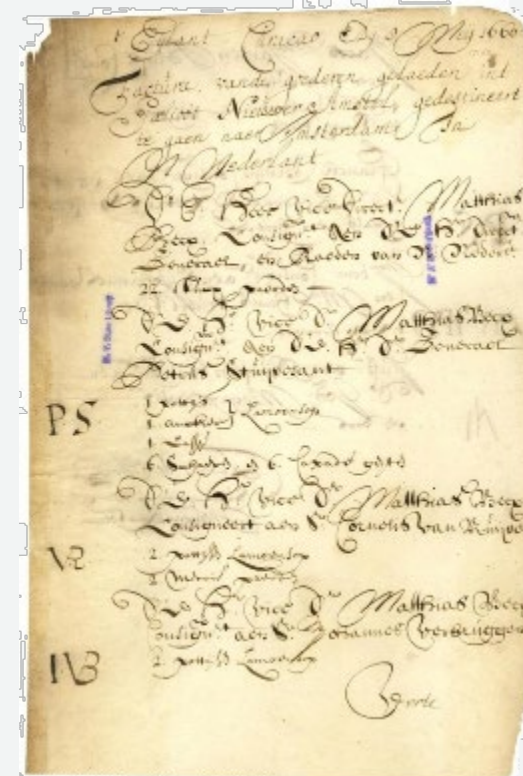
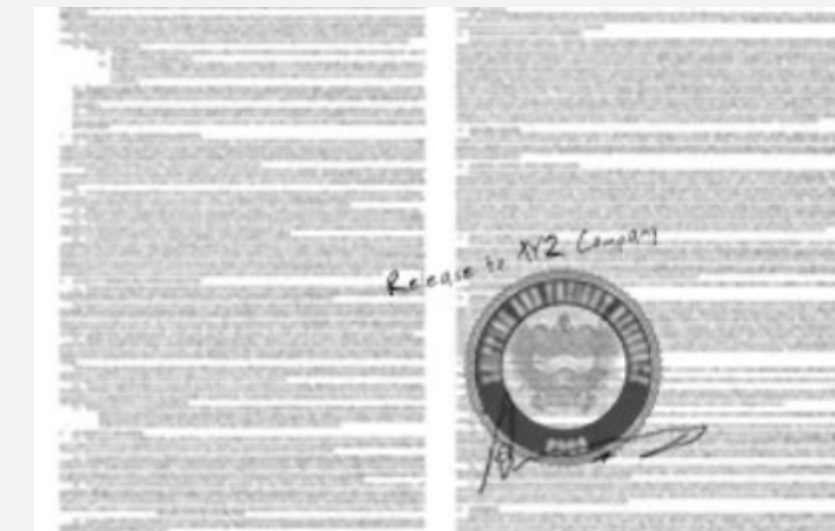
Middle Ages

BL non-existent; merchant was the master, no documents, speculative business



1727

First definite evidence b/l was made 'to order'. Transfer by endorsing thus becoming a document of title.



14th Century

Cargoes started to be registered in a 'ship-book' by a designated clerk. This book (or manifest) served as evidence of receipt of the cargo

19th Century

Bill of lading gained its third function - evidence of contract of carriage

in relation to the rights, defenses, limitations and liabilities of the carrier in relation to the liability from or to Germany and such aforesaid country or between such aforesaid countries, the liability of the carrier shall be determined in accordance with German law as applicable.

(a) The rights, defenses, limitations and liabilities of whatsoever nature provided for in this Bill of Lading shall apply in any action against the Carrier for loss or damage or delay, howsoever occurring and whether the action be founded in contract or in tort.

(b) Save as otherwise provided herein, the Carrier shall in no circumstances whatsoever and howsoever arising be liable for direct or indirect or consequential loss or damage or loss of profits, unless it is established the Carrier himself acted with the intent to cause damage, or recklessly and with knowledge that damage would probably result. The Merchant shall indemnify the Carrier against any customs liabilities even if caused by loss of the Goods.

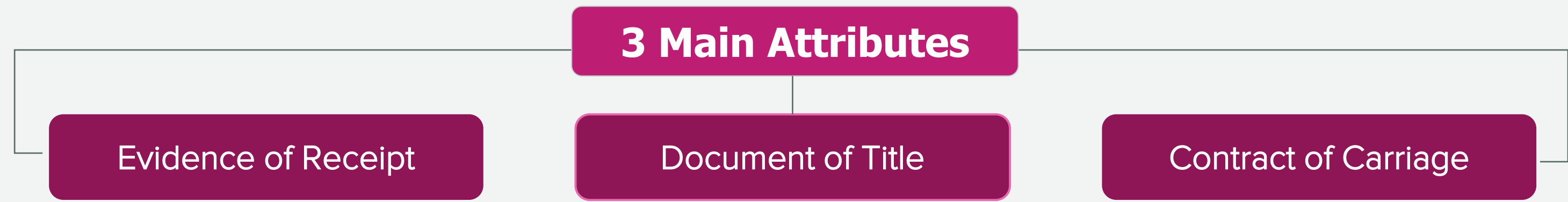
8. Shipper-Packed Containers
If a Container has not been packed by or on behalf of the Carrier:

(1) The Carrier shall not be liable for loss of or damage to the Goods caused by:

(a) the manner in which the Container has been packed or
(b) the unsuitability of the Goods for Carriage in the Container supplied or
(c) the unsuitability or defective condition of the Container or the incorrect setting of any refrigeration controls thereof, provided that, if the Container has been supplied by or on behalf of the Carrier, this unsuitability or defective condition would have been apparent upon inspection by the Merchant at or prior to the time when the Container was packed or
(d) packing refrigerated Goods that are not at the correct temperature for Carriage.

additional Freight; or
(2) suspend the Carriage of the Goods and store them ashore or afloat and endeavor as soon as reasonably possible and shall be entitled to charge such storage cost Freight; or
(3) abandon the Carriage of the Goods and place them at the Merchant's disposal at a place which the Carrier may deem safe and convenient, whereupon the responsibility for such Goods shall cease. The Merchant shall pay any additional costs to, and delivery and storage at, such place or port.

19. Dangerous Goods
(1) No Goods which are or may become dangerous, inflammable or damaging (including materials), shall be tendered to the Carrier for Carriage without his express consent without the Container as well as the Goods themselves being distinctly marked so as to indicate the nature and character of any such Goods and so as to comply with laws, regulations or requirements. If any such Goods are delivered to the Carrier without written consent and/or marking, or if in the opinion of the Carrier the Goods are become of a dangerous, inflammable or damaging nature, they may at any time be disposed of, abandoned, or rendered harmless without compensation to the Merchant.
(2) The Merchant warrants that the Goods are sufficiently packed in compliance with applicable laws, regulations or requirements.



What is an Electronic Bill of Lading (BL)?

“An electronic record which aims to have the functional equivalence of an original paper BL”

An electronic Bill of Lading also has the **same attributes** of a master Bill of Lading

Evidence of Receipt



The release of an electronic bill of lading also acts as evidence of cargo receipt by the carrier.

Document of Title



An electronic BL also acts as a document of title. It is paramount that the document is **unique**, ensuring that only one legal owner exists

>>> main characteristic for electronic documents <<<

Contract of Carriage



The issuance of an electronic bill of lading also acts as a contract of carriage between carrier and shipper.

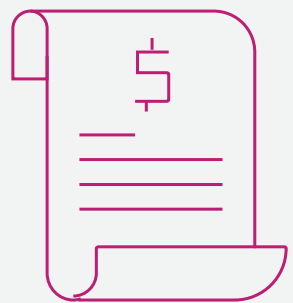
What is NOT an Electronic Bill of Lading (BL)?

An electronic BL is not the same as....



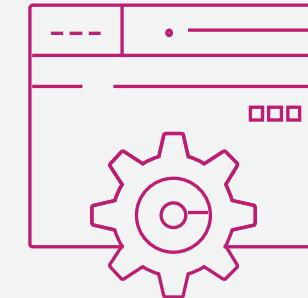
BL PDF Copy

A copy is only for reference, no legal value/attributes



Internet BL

Printed at customer premises, legal value only in physical form



Web BL

BL prep process is done electronically - the document is physical



Seaway Bill

The seaway bill is non-negotiable, ascribing possession – not ownership

Why the change to eBL now?

The electronic Bill of Lading product has been around in the market for over 15 years but with limited traction. What has changed now?

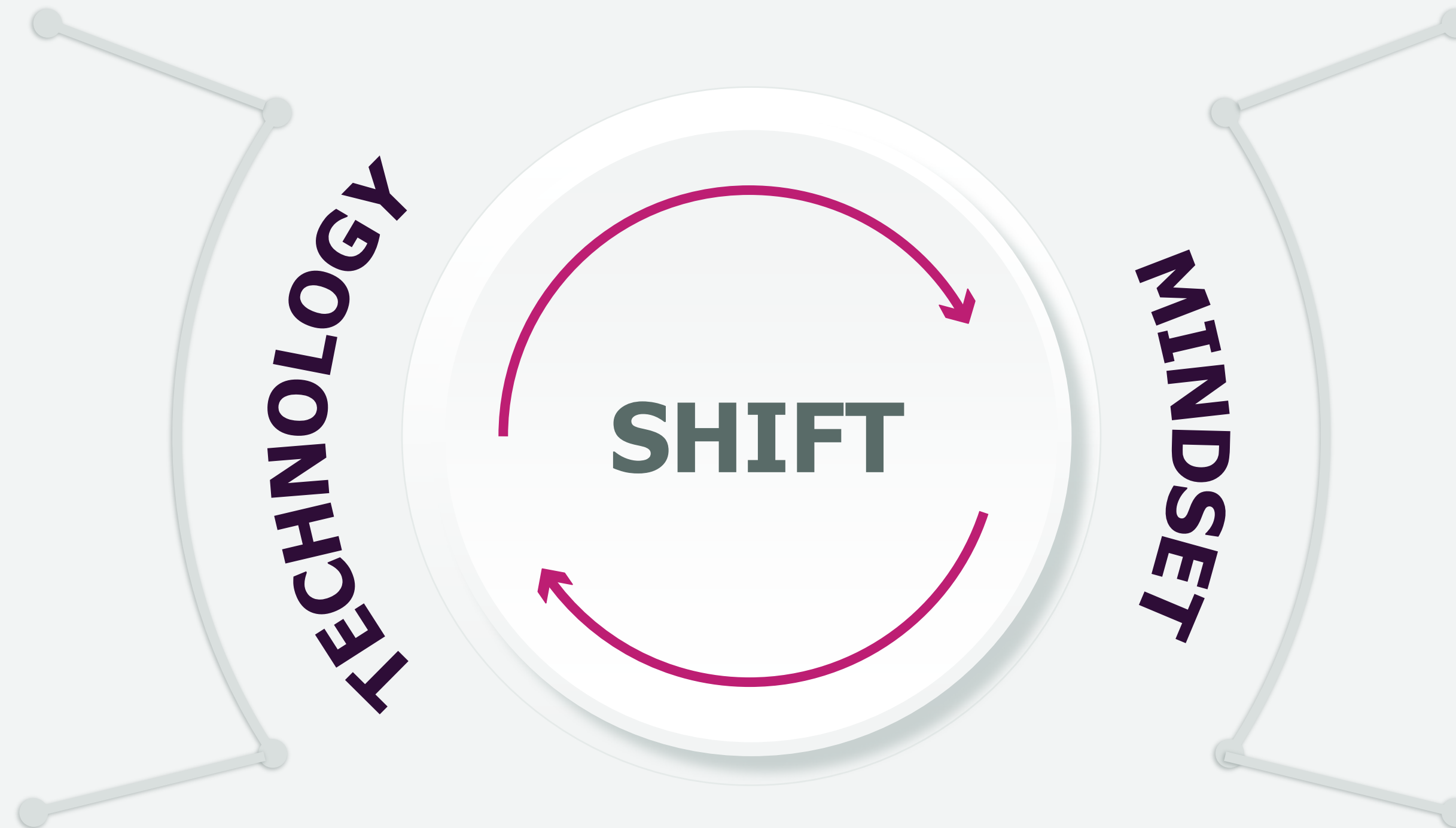
BLOCKCHAIN

Provides immutable records of documents through **next-gen encryption** and registration of title transfer in a **digital ledger**.

Previous platforms / security protocols are not flexible/strong enough for scalability

INTERCONNECTIVITY

The advances in cross-platform interconnectivity (e.g., API) improves the ease of data transfer, less configuration.



Digital Trade (*ref OECD*)

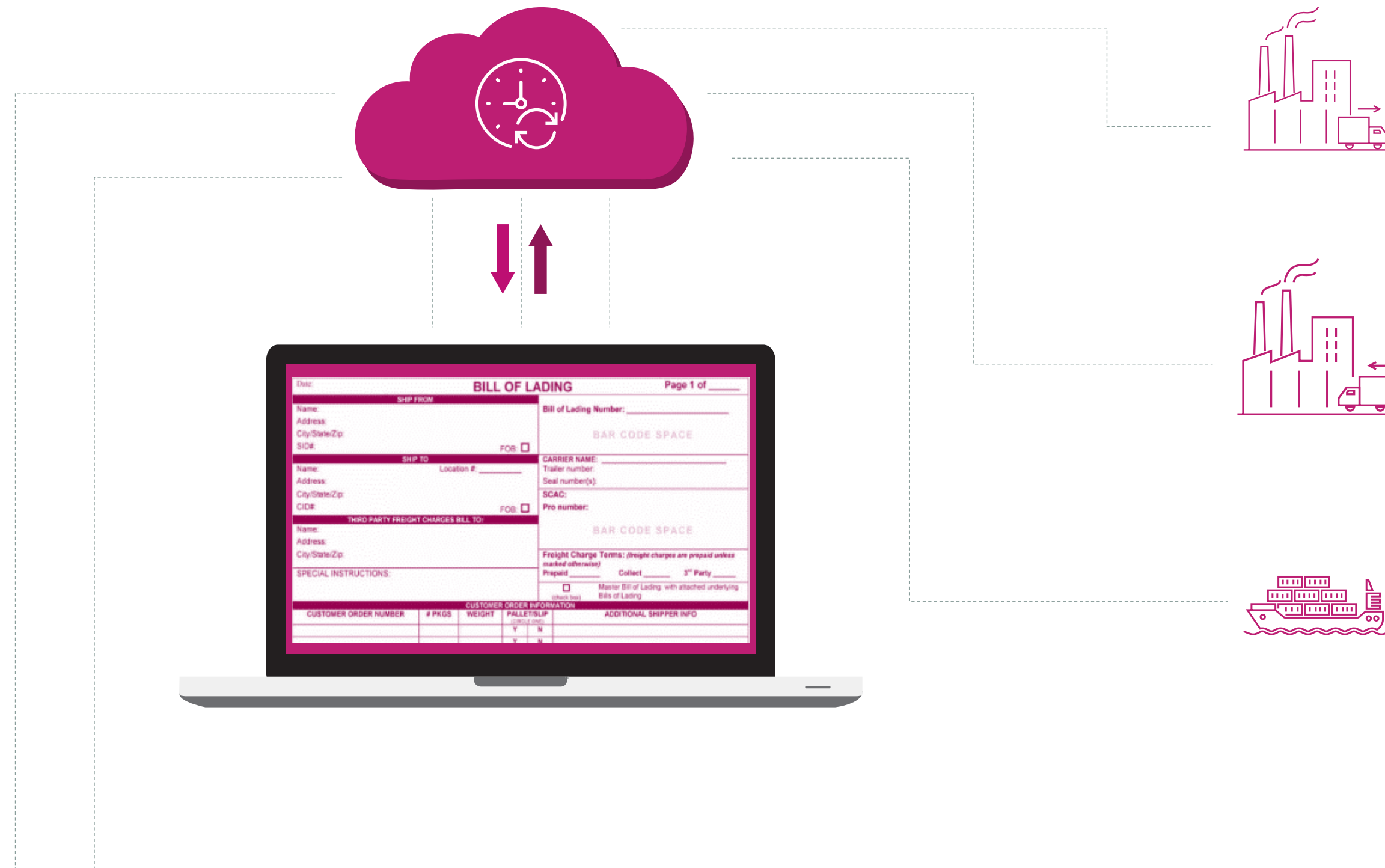
A growing consensus and push across parties in the trade chain to achieve paperless trade for increased efficiency and risk mitigation.

COVID-19

The pandemic has sped up digitalization efforts in all industries; BL processes depending on physical interaction were severely disrupted (e.g., India and USA surrender process; payment release by banks).

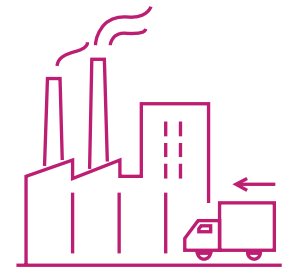
Benefits of eBL

Replicating the study done by [DCSA \(Digital Container Shipping Association\)](#) on eBL benefits



“As an Exporter, I do not have to print the BL and **can save both processing time and courier costs** since I do not have to send the BL to my customer. Since I can provide the documentation details directly to the shipping line by electronic means, I **control the speed** of which the process is completed.”

– Exporters / Forwarders



“As an Importer, I do not have to wait for the BL to be received by courier. I can **reduce the paper-flow and my administrative** processes significantly and **speed up the cargo release** process upon arrival of the goods.”

– Importers



“As a documentation manager, I can **avoid the manual process of printing and stamping the BL** for every customer and achieve economies of scale by automating the process. This enables me to provide a better customer experience – at both origin and destination.”

“As an operations manager, I will be able to have **access to real time and reliable data related to cargo details**. This will allow me to focus on exception management and identify the shipments where special attention is required.”

– Shipping Lines



“As Customs, I can **improve scanning of suspicious shipments** since the documentation is now digitally available. That allows me to focus resources on where tariffs and legislation is most complicated.”

– Authorities



“As a bank representative, I no longer have to worry about whether the BL is original and valid since **carriers provide a secure means of issuance**. I can **automate the process of comparing** the BL to the PO or letter of credit and easily verify correctness prior to release of funds. Furthermore, I **don't have to store physical documents** any longer.”

– Banks

Benefits of eBL – Cost Savings

Cost Benefits

- Courier costs can be eliminated (or significantly reduced)
- Paper administration costs reduced (filing/storage etc.)
- Process lead-times can be reduced resulting in staff efficiency
- Compliance (legal and audit) processes can be improved

Cost Assessment

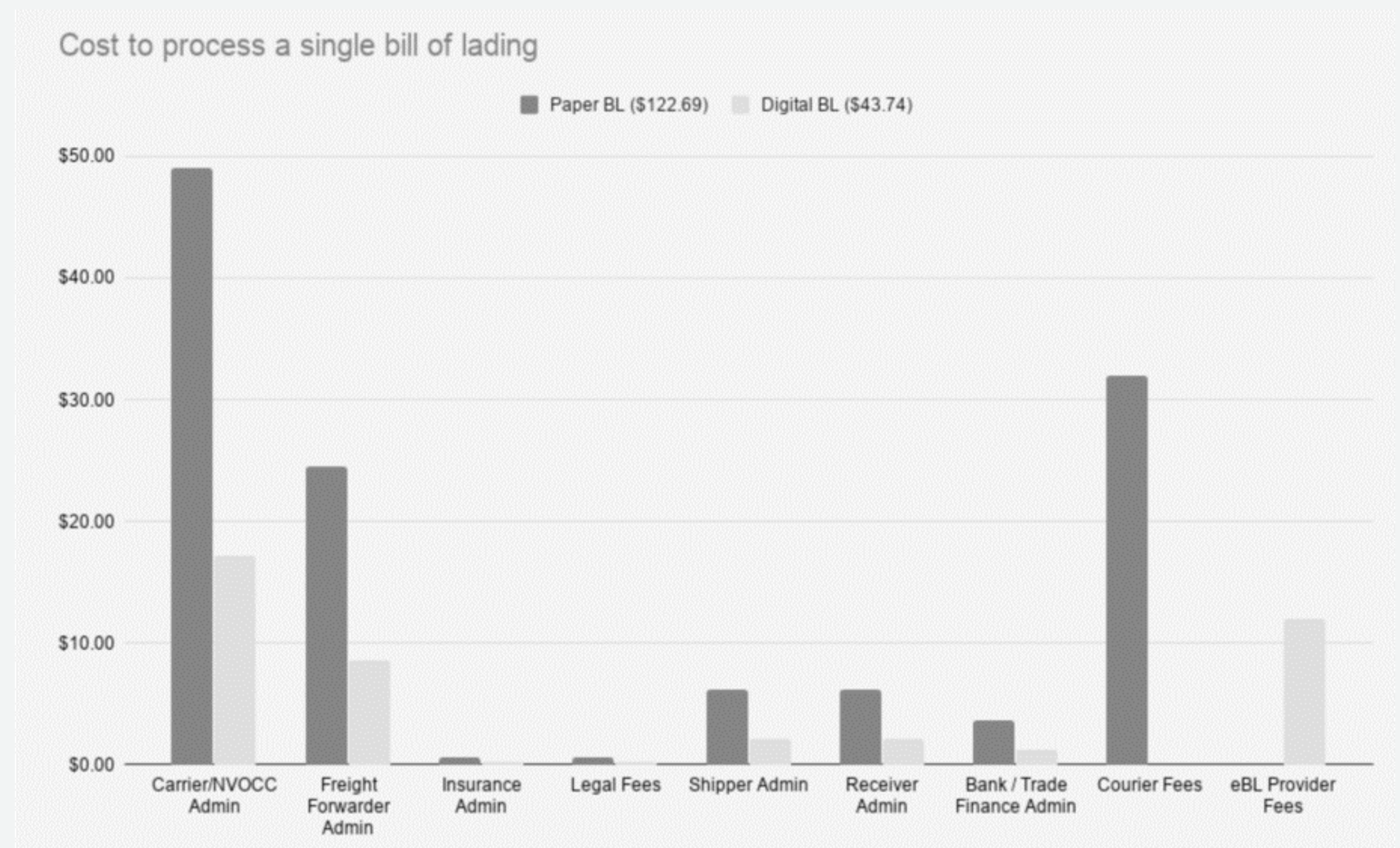
Estimated global costs in 2020:

- USD 12.3 BN*
- USD 122 per BL

Potential saving by adopting eBL

- Overall – USD 79 per BL
- **Customer – USD 48 per BL**

Based on DCSA's research 100 Mn BLs are issued annually and USD 6 Bn in costs can be removed through digitization – EVERY YEAR



Impact Assessment Accompanying the Proposal for a Regulation of the European Parliament and of the Council on electronic freight transport information, European Commission, Ecorys, 2018

Limitations of eBL

Despite the benefits of utilizing electronic Bill of Lading, there are some limitation on the adoption

All or
Nothing



All parties in the chain (shipper, consignee, bank, etc.) must be signatories in the same platform; if one party is not in the platform, the document cannot be endorsed or transferred to that party – the eBL must be switched to paper.

No Interoperability,
No Standards



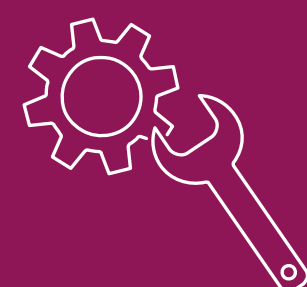
There are no standards for eBL – DCSA is working on it. In addition to that, there is no cross-platform operability – with the increase of platforms, scaling becomes harder.

Regulatory
Gray Areas



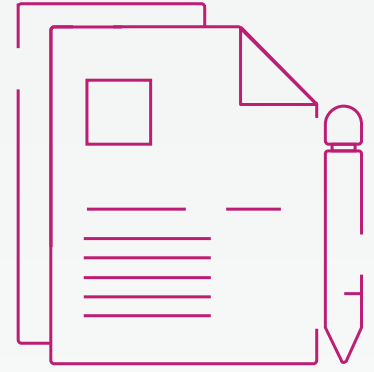
Although the eBL platforms operate under bylaws, in some locations the local regulation might not provide clarity on the validity of eBL.

Technical
Constraints



Cost of implementation, potential risk of cybersecurity (considering the usage of computers, not for the eBL itself) and demand of technical infrastructure.

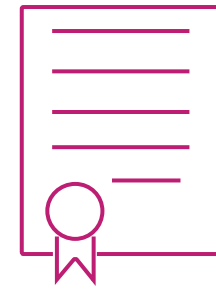
Legality of eBL



Contract of
Carriage

The contract of carriage entered by the carrier is the same one used for paper Bills of Lading that are governed by the **same applicable law and regulation that applies to that carrier.**

Legality of eBL



Bylaws and Contracting

Establishing the Bylaws

DCSA is working to standardize the bylaws – faster adoption of new platform (legal perspective)

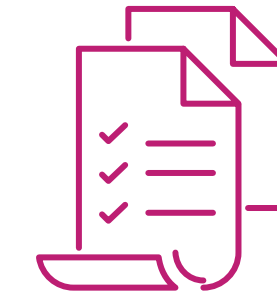
eBL contract parties adhere to a club-system agreement. The platform require all members (sellers, buyers, carriers or banks) to sign up to a single contract (the bylaws/rulebook), which is itself subject to a established legal system.

Users agree to treat electronic documentation as the functional and legal equivalent of paper documents and undertake not to challenge the validity – Protection & Indemnity (P&I).

In case a party is not a member, paper conversion is required. (e.g., present to customs or terminal).

P&I approval

Platforms scrutinized by P&I Club to ensure they are capable of performing the three functions of a BL. Approval by P&I means platform is able to perform current functions of paper BL and it is usually a necessary condition to utilize the platform.



LEGAL STANDARDS

UNCITRAL MLETR

Model law by UN designed to govern electronic documents transference in Trade. It requires government adoption into national legislation, and ratification takes time; however, it is been expedited in several countries.

DCSA is developing industry standards in line with MLETR + working with government authorities to encourage its adoption.



Bylaws and Contracting

Establishing a contract for eBL issuance



At this point, based on the bylaws of the platform, both customer and carrier must be signatory of the eBL platform



There is no need for additional signature of agreement and there are **NO COSTS** incurred from ONE to customer



eBL legality and ‘grey area’s’

Grey Areas

- Not have specific considerations for electronic documents (COGSA, Hague/Hague Visby)
- Limited ratification by member states (UNCITRAL)
- Specifics on title/ownership and a physical document (UK Law)

eBL in reality

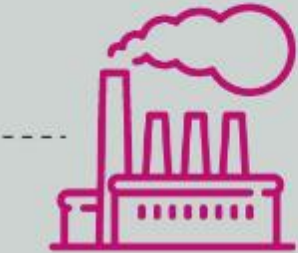
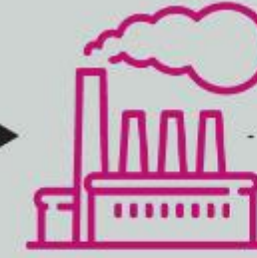
- Most countries have available legislation covering electronic document exchange (e.g., [Brazil](#), [Australia](#), [UAE](#))
- Some countries are fully incorporating electronic documents coverage on local laws (e.g., Singapore's [ETA](#))
- No reported issues faced due to country law non-compliance

IMPORTANT: The platform bylaws cover the legality of the document; in case a local legislation require paper document, carrier is able to switch the eBL to paper ONLY when presentation to customs is required.

Fitting eBL functionality in ONE process

Acting mostly as an “eCourier”, focusing on the document transference

***Covering the release <-> surrender period.



1

BL Creation & Amendment

No changes on processing the BL creation and amendment. The receipt of amendment request might come in through the eBL platform.

2

BL Issuance & Release

eBL is transferred from ONE system to the eBL platform; release is fully electronic into the platform.

3

BL Endorsing

Endorsing process is fully electronic, via eBL platform. Ownership transfer ensures a unique version of the document

4

BL Surrendering

Surrendering process is fully electronic, via eBL platform. When surrendered, carrier becomes the final owner of the BL.

Support Information



For more information, please visit our **website.**