

# Navigating the Seas:

A Comprehensive Guide to International Shipping Services



These are precarious times for the global economy, especially the shipping industry. Geopolitical tensions are rising. Several countries are burdened with high inflation and interest rates, while the massive Chinese market has struggled to rebound from the COVID-19 pandemic. As [Jean-Francois Trinh Tan of the World Economic Forum](#) noted, “Our only certainty around trade in the near term is uncertainty.”

However, the era of global economic interdependence isn’t likely to end anytime soon, which means that companies will still explore foreign markets. In times of global economic uncertainty, companies are placing a premium on finding shipping partners who can guarantee timely deliveries, cost-effective shipping methods, and compliance with international regulations. Therefore, any player in the global markets must understand the intricacies of international shipping.

This guide will explore various facets of international shipping, from the choice between air and sea freight to the intricacies of customs procedures and technology integration for streamlined processes. As businesses embark on their global expansion journey, these practical insights and actionable tips should ensure smooth sailing.

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# Understanding International Shipping

International shipping refers to transporting goods, products, or commodities across national borders. The aim is to connect businesses and consumers worldwide, enabling the exchange of goods between different countries, fostering economic growth, and contributing to the globalization of markets.

Key elements of international shipping include:

- Choosing appropriate transportation methods
- Complying with customs regulations and documentation requirements
- Navigating the logistical challenges associated with cross-border movements.

International shipping plays a crucial role in supporting the supply chain of businesses engaged in import and export activities, ensuring the efficient and secure movement of goods across international boundaries.

International shipping is a massive driver of the global economy. According to the [World Trade Organization](#) (WTO), the total value of merchandise traded in 2022 amounted to US\$24.9 trillion.

## Choosing the Right Shipping Method

You may have a few options on how to ship your cargo. This offers you more flexibility, but there are a few factors to consider before making your choice:

- **Speed vs. cost:** Faster shipping usually comes with additional shipping rates. If your shipment is less time-critical, you can save money by using slower transport.
- **Shipping restrictions:** Each transport method has its own size and weight limits, and other restrictions.
- **Tracking:** Both you and your customers will want to check on their goods while in transit. This makes package tracking capabilities a critical factor when deciding on the best international shipping services.
- **Insurance:** All shipping carries a certain degree of risk, and international shipping can be riskier than domestic shipping. You need to research the level of risk and the insurance rates for each method of transport.



## Modes of Transport

Each mode of transport has its own benefits and drawbacks.



### Sea Freight

When it comes to international shipping, most transportation is done by ship. Sea transport is a truly massive undertaking: 11 billion tons of goods were traded by sea in 2021, according to the [United Nations Conference on Trade and Development](#). This includes nearly 2 billion tons of crude oil, 1 billion tons of iron ore, and 350 million tons of grain. These shipments would not be possible by road, rail, or air.

Because cargo ships hold more capacity, sea freight is the most cost-effective mode of international transport. According to the [World Bank](#), sea freight is around twelve to sixteen times cheaper than air freight.

As for disadvantages, sea freight is significantly slower than other forms of transport. More time at sea means more possibilities for unexpected cargo damage. The unpredictability of sea travel means your merchandise is less likely to arrive at the arranged date. Also, sea freight may not be accessible everywhere—certain areas may lack the infrastructure to handle shipments coming into their ports.



### Air Freight

Air freight is responsible for a tiny fraction (2-3%) of cargo volume, but 35% of total cargo value. The capacity of cargo airplanes is extremely constricted compared to cargo ships, which naturally drives up costs. However, air freight is of course by far the fastest mode of transport. If your merchandise is smaller, more valuable, and needs to arrive ASAP, your best bet is by air.



### Land Transport

If the geography is convenient, you may also have a choice to move cargo between bordering countries by rail or truck. Rail transport allows for more cargo space than any other transport besides sea freight. It is also a very cost-effective mode of transport. Truck transport may cost more, but it is also the most convenient, offering the possibility of door-to-door transport.

## Regulations and Compliance

Shipping goods between countries means navigating a complex web of international laws and regulations. Also, each country has its own specific customs regulations, which dictate how goods can enter or exit its borders. These regulations govern import duties, customs procedures, and the documentation required for customs clearance. Non-compliance can lead to delays, additional costs, legal issues, and damage to a company's reputation.

Compliance with international shipping regulations requires careful planning and consideration. Here are a few factors to consider:

- Shippers must stay up to date with the latest regulations and standards set by international organizations such as the International Chamber of Commerce (ICC), World Customs Organization (WCO), and International Air Transport Association (IATA).
- When shipping to multiple destinations, it is important to understand and comply with the specific regulations for each country.

Using a reputable carrier and working with experienced shipping partners can also help ensure compliance. This is where Interstate International can help. Interstate merges international transportation capabilities with an extensive network of partners with strong ties to government agencies around the globe. This can be essential in getting your cargo cleared.

## Packaging and Labeling

Choosing the right packaging for your cargo is particularly important when shipping internationally. Overseas travel can be rough on cargo. If you want your cargo to arrive in one piece, pack it properly. Also, improper packaging can cause problems at customs inspection, resulting in delays and even fines.

How can you ensure proper packaging? The best way is to partner with a company that is already utilizing packaging standards approved by the world's top standardization and security organizations, such as the International Organization for Standardization (ISO) and the U.S. Customs Trade Partnership Against Terrorism (CTPAT). Interstate International has received both ISO 9001:2015 and CTPAT certifications. Both certifications require Interstate to have clear and well-documented processes in place for all aspects of their operations, including packaging. Interstate's CTPAT certification also comes with other benefits, such as fewer U.S. customs inspections and recognition as a trusted trade partner by foreign customs administrations that have signed mutual recognition pacts with the U.S.

Hazardous materials (HAZMAT) contain substances that the Secretary of Transportation determines to be an unreasonable risk to health, safety and property when transported. HAZMAT, radioactive, and other specialized cargo may require special equipment, signage, and permits. Make sure you check with your transportation service provider (TSP) to see if they will ship your HAZMAT. A TSP can only accept a shipment that complies with government regulations. Also, some laws require using U.S. flag carriers while shipping HAZMAT internationally.

Improper labeling of cargo may lead to issues with claims or shipment recovery. Also, if you violate international shipment and cargo labeling regulations, you may be looking at penalties upwards of US\$10,000 per instance. Labeling requirements can depend on the size of the cargo load and the countries involved. Any HAZMAT must be labeled as such:

- If shipping sea freight, the labeling must meet International Maritime Dangerous Goods (IMDG) standards.
- If shipping air freight, the labeling must meet International Air Transport Association (IATA) standards.

The IMDG and IATA standards for HAZMAT labeling are quite complex. Interstate International has decades of experience packaging and labeling HAZMAT materials for international transport. Our expertise is invaluable in compliance with such stringent labeling requirements.



## Customs Clearance Process

Countries use the customs clearance procedure to ensure that shipments comply with local regulations that the appropriate duties and taxes are paid, and that the necessary documentation is properly filed.

The customs clearance process can be challenging regardless of the countries involved. Here are some of the common issues facing shippers:

- **Documentation requirements.** Customs clearance involves a lot of paperwork, including customs declarations, bills of lading, and invoices. Make sure to research and understand the customs documentation requirements for the country you are importing from or exporting to.
- **Tariffs and taxes.** Countries have varying tariff and tax policies, which can be confusing and expensive to navigate. Failure to pay the correct tariffs and taxes can result in significant fines and even the seizure of goods. Research the applicable tariffs and taxes to ensure you pay the correct amount.
- **Compliance with regulations.** Failure to comply with customs regulations can lead to fines, delays, or even the seizure of goods. Make sure to understand and comply with all relevant customs regulations. Examine goods thoroughly to ensure that they are legal. Security concerns can lead to delays in clearance, especially if the goods are suspicious. Consider implementing a security plan for your shipments, including any necessary measures such as packaging and labeling requirements. This may expedite the customs clearance process.
- **Delays at the port of entry.** Customs clearance can be time-consuming, especially if there are delays at the port of entry. Various factors, including congestion, strikes, or technical difficulties, can cause these delays. Planning and factoring in potential delays at the port of entry is essential.
- **Shipping container inspections.** Inspections can be time-consuming and can cause delays in clearance. Ensure that your shipping containers comply with all relevant regulations to avoid unnecessary delays or fines.
- **Cultural differences.** Customs officials may have different cultural norms and expectations than you are used to. Please understand and respect these cultural differences to avoid misunderstandings and delays.
- **Language barriers.** If you are dealing with customs officials in a foreign country, language barriers can make it challenging to communicate effectively and lead to misunderstandings or delays. Consider using a translation service to help bridge any language barriers.

Perhaps the best way to make it through the customs clearance process unscathed is to partner with a freight forwarder like Interstate International. Interstate is more than just an expert on the customs process; we are trusted advisors who will listen to your unique problems and counsel you on how to avoid the pitfalls that can plague international shipping companies. With Interstate navigating your cargo expertly through the customs clearance process, your organization can save a great deal of time, hassle, and money.

## Shipping Insurance

Shipping goods internationally involves significant financial investments. Businesses could bear the full brunt of any losses that occur during transit, such as cargo damage, theft, or accidents. International shipping insurance, or “valuation,” acts as a safeguard, providing coverage for unforeseen events and ensuring that businesses can recover the value of lost or damaged goods. By mitigating financial risks, valuation protects businesses from substantial financial setbacks and enables them to maintain financial stability.

By working with Interstate International we will ensure that you have the right valuation for your cargo. There are several types of coverage available, depending on how you value your cargo. Be sure to discuss the specific value of your items. You can opt for blanket coverage, or if certain items are more valuable, you can opt to cover them at a higher valuation.

## Tracking and Visibility

Shipment tracking is something many consumers now take for granted. You can track just about any shipment—even a pizza delivery. But when your company is shipping cargo that is significantly larger and more valuable than a pizza—and shipping it across the globe—it is imperative that you have access to its location in real time.

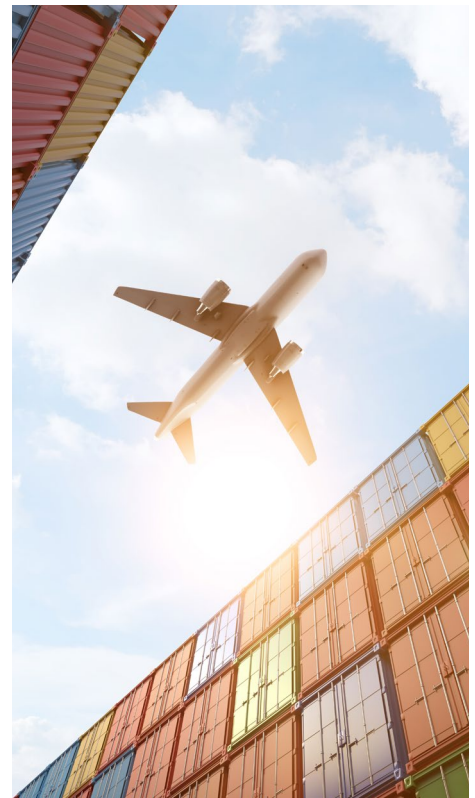
These days, the act of container tracking can mean anything from rudimentary, manual efforts to track containers to comprehensive, AI-powered software solutions for shippers and freight forwarders to track and monitor their shipments as they move through the supply chain. Manual tracking is low-cost and simple, but time-consuming, error-prone, and unreliable. Online tracking is convenient and accessible, but limited and inconsistent. Software tracking is comprehensive and consistent, but expensive and complex.

While tracking shipments can be a difficult (and possibly expensive) task, it is essential to enhance visibility and control over your cargo, reducing risks and costs, and increasing customer. Proper cargo tracking can optimize your logistics operations. You can use tracking information to analyze the performance, costs, and efficiency of your transport modes and carriers and adjust as needed.

## Future Trends

The concept of AI-powered software providing real-time supply chain visibility might have seemed like a dream a few years ago, but the technology is already being adopted by shipping companies around the world. This is just one example of the wave of digitalization that is already changing the shipping industry. The race to digitalize was partly inspired by the COVID-19 pandemic and the supply chain issues that followed. With the health of the supply chain still uncertain, data analytics is becoming even more important, as it will play a big role in identifying potential supply chain risks and associated responses. Of course, as shipping companies move more sensitive data online, they will need to invest more in cybersecurity to protect that information.

Perhaps the biggest trend in international shipping will be the move toward greater sustainability. Few industries have felt the impact of climate change as strongly as shipping, with weather delays and port closures steadily increasing due to extreme weather. Sea freight is leading the way through organizations like the International Maritime Organization (IMO). The carbon reductions required by the IMO target of reducing total emissions from international shipping by at least 50% by 2050 compared to 2008, will only come from identifying and developing new zero-carbon technologies so that commercially viable zero carbon ships can begin to operate in the 2030's.



## Conclusion

In this guide, we covered several facets of the international shipping industry, including:

- **Understanding International Shipping.** A brief overview of the industry
- **Choosing the Right Shipping Method.** The various factors involved in choosing the best way of shipping
- **Modes of Transport.** The benefits and drawbacks of sea, air, and land freight.
- **Regulations and Compliance.** How to navigate the intricacies of international trade laws and customs.
- **Packaging and Labeling.** The importance of choosing the right packaging and labeling for your cargo.
- **Customs Clearance Process.** The most common issues that can cause hiccups in the customs process.
- **Shipping Insurance.** Also known as “shipping valuation.” Finding the right partner to provide customized coverage of your goods.
- **Tracking and Visibility.** The increasingly modern methods of tracking your cargo.
- **Future Trends.** The technology and sustainability advances of tomorrow.

The natural inclination for most businesspeople is to push the boundaries of their current market and explore the opportunities that lie beyond. Even in today’s fraught geopolitical climate, international trade will continue apace. Shipping companies will strive for greater efficiency and sustainability. And freight forwarders like Interstate International will assist businesses in the complex bureaucratic and logistical undertaking of shipping between nations. International trade is more complex than ever, but you don’t have to chart your path alone. With the right partners, the entire global market can be yours for the taking.



## Citations

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