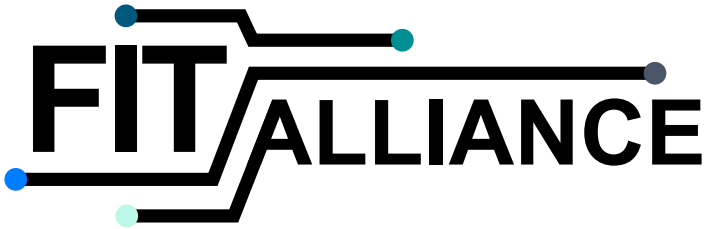
FIT ALLIANCE

COMPLETE GUIDE TO ELECTRONIC BILL OF LADING ADOPTION FOR THE BULK TRADES

BIMCO dcsa ICC Swift IATA



The FIT Alliance

This publication has been produced by the The Future International Trade (FIT) Alliance. Members of the FIT Alliance are the Digital Container Shipping Association (DCSA), BIMCO, FIATA, the International Chamber of Commerce (ICC), and Swift. The Alliance works together to generate awareness about the benefits of going digital and the importance of common and interoperable data standards and common legislative conditions across international jurisdictions and platforms. The aim is to facilitate acceptance and adoption of eBLs by shippers, carriers, regulators, banks and insurers and to unify communication between these organisations and all other stakeholders involved in an international trade transaction. By establishing open-source, interoperable, technology-agnostic standards, the FIT Alliance intends to make the digitalisation of international trade a reality, enabling smooth data exchange and streamlining the end-to-end shipping process for the entire industry.

ELECTRONIC BILLS OF LADING

An electronic bill of lading (eBL) is a digital version of a paper bill of lading that is used in international trade transactions. The eBL is created, processed and transmitted electronically, using digital signatures and encryption technology to ensure the authenticity and security of the information contained within.

Like a paper bill of lading, an eBL serves as evidence of the contract of carriage, receipt of goods, and ownership of the goods being transported.

However, unlike a paper bill of lading, an eBL offers several advantages in terms of speed, efficiency, security, and cost-effectiveness. Where a paper bill of lading often will not arrive at the discharge port before the ship arrives, an eBL will arrive almost instantaneously.

KEY BENEFITS

SAFER

Through the use of secure and reliable technologies, eBLs offer a safer alternative to paper bills by ensuring authenticity and security. Unlike their paper counterparts, which are vulnerable to theft and fraud, eBLs benefit from advanced security measures. This protection creates a much higher barrier to criminal activity which can avoid potential financial losses and legal disputes. eBLs provide a secure and dependable alternative means of managing international trade transactions, lowering fraud risk and enhancing trust among trading partners.

FASTER

By eliminating the need to physically transport and handle documents, eBLs are faster than paper bills. With eBLs it's much easier to track shipments and prevent delays and errors commonly associated with paper-based documentation. eBLs also enhance communication and collaboration between parties involved in the transaction. They provide a more efficient, streamlined approach to international trade documentation, benefitting users with substantial time and cost savings.

GREENER

eBLs provide a greener alternative to paper bills by eliminating the need for physical transportation, handling and storage of documents, effectively reducing greenhouse gas emissions, energy consumption and paper waste. By adopting eBLs, businesses can enhance sustainable practices in their operations, benefiting themselves and the environment.

THE CURRENT STATE OF eBL ADOPTION

A survey by the FIT Alliance among supply chain stakeholders shows that awareness of eBLs is high with 94% of respondents having heard about eBLs. A closer look at the numbers reveals that 28% of respondents already use eBLs in conjunction with paper. A majority (58%) of those using only paper B/Ls report their organisations have plans to use eBLs in the future.

The use of eBLs varies significantly between trade sectors. It is fair to say that that the use in some sectors remains fairly low, but it is increasing. In March 2023 BIMCO launched a rolling campaign aiming for 25% eBL adoption by 2025 in bulk shipping[1]. For certain commodities, some companies are already achieving as much as 60% of the volume on eBLs. On the container side, the members of DCSA (MSC, Maersk, CMA CGM, Hapag-Lloyd, ONE, Evergreen, HMM, Yang Ming and ZIM) have committed to reaching 50% adoption by 2027 and 100% adoption by 2030[2]. Freight forwarders are also experiencing growth.

WHERE DO YOU START?

The first step is to start the internal talks in your organisation about digitalisation and the benefits for you. Moving to smarter processes and reaping the benefits should be decided and prioritised at a high level. A second step could be to become familiar with the solutions available and identify which solution best fits your business needs. If you are an owner, the process could start with a charterer asking you to use their chosen platform. Or you can simply sign up to use a solution that you think will best meet your business needs.

There are several eBL systems that have been approved by the member clubs of the International Group of P&I Clubs (IG). This approval means that they have reviewed the terms of use for each of these systems and have stated that issuing electronic bills of lading using these systems will not prejudice P&I cover – essentially that the electronic bill of lading will be treated in exactly the same way as its paper equivalent for P&I purposes.

You may also wish to add the **BIMCO Electronic Bills of Lading Clause 2014** to your charter parties giving charterers permission to use electronic bills of lading if they so choose.

Here are the links to the electronic bill of lading systems that have been approved by the IG at the date of this publication. There are other eBL solutions available. You should speak to your P&I Club representative if you want to use one of those other solutions.

Bolero | **edoxOnline** | **CargoX** | **IQAX**

EssDocs | **WAVE** | **TradeGo** | **Secro**

[1] BIMCO, **25 by 25 Campaign (bimco.org)**
[2] DCSA, **Commitment to 100% eBL by 2030 (dcsa.org)**

WHAT IS INTEROPERABILITY?

Most of the eBL systems operate within a “walled garden” with their own proprietary technology and terms and conditions that govern the relationships between the stakeholders involved in a transaction.

What this means in practice is that parties that want to exchange an eBL must all subscribe to the same platform. It is not currently possible to exchange an eBL between different platforms due to a lack of technical and legal interoperability. FIT Alliance members BIMCO, DCSA and FIATA have produced open electronic bill of lading data standards which are a stepping stone towards technical interoperability between the different platforms. DCSA and Swift have also completed Proof of Concepts which have succesfully demonstrated technical interoperability.

Signing up to use multiple platforms requires significant time and resources: getting the legal department to read through and approve the platform’s rulebook and training personnel to use the new platform. For some parties, for example a big shipper, this might not be an issue as they will simply tell their counterparts to use whatever system they have subscribed to. But for a bank, it may require a lot of additional resources if their clients want to use different platforms. For cargoes that are traded while the ship is enroute, it can also be challenging to get everyone involved onboarded to the same platform.

There is little doubt that interoperability would make the adoption of eBLs appeal more broadly. It is key to both eliminating the need to sign up to multiple platforms.

THE BULK INDUSTRY

Both the dry and wet bulk sectors are covered in this section. Bulk cargoes are frequently traded “on the water”, a process that complicates the existing paper-oriented system. The physical bill of lading rarely arrives due to the additional transfer to another buyer and bank. To mitigate this issue, the bulk shipping sector relies heavily on Letters of Indemnity for discharge without the original bill of lading. This approach is not entirely risk-free, and often elevates associated risks.

THE VALUE PROPOSITION

The container shipping sector issues approximately 45-50 million bills of lading annually, whereas bulk shipping issues significantly fewer bills, perhaps around 1 million. Although the number of bills issued by the bulk sector is far lower, the value of the goods covered by these individual bills is substantially higher. For example, a single cargo of crude oil on a Very Large Crude Carrier could be worth over USD 219m (based on the World Bank’s 2022 average).

Interoperability will undoubtedly make the transition easier, but robust operability is already at our disposal. No matter where you find yourself in the maritime ecosystem, we encourage you take action now and reap the benefits today.

In conclusion, the introduction of eBLs promises a more secure, efficient, and sustainable future for the bulk shipping industry. This transition is a crucial step in modernising traditional practices, streamlining operations and boosting overall industry resilience.

If you want to know more, contact BIMCO at innovation@bimco.org