

Export logistic options

An introductory guide on services of logistic providers and warehousing in EU

IPD guides for success in export



IMPORT PROMOTION DESK

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How to use the “IPD guide on services of logistic providers and warehousing in EU”



This guide is a resource to help you and your company to better understand the different options of storing goods in Europe, their advantages and disadvantages. The complexity and problems of modern supply chains were highlighted during the COVID pandemic in 2020/21. Thus, a lot of companies considered to assign a logistic provider. This guide is not a comprehensive guide to all warehousing concerns in the EU but should instead give a first glance on important factors every international operating company should consider when planning to store goods in Europe.

In this guide, you will learn:

- + Why it might be useful to store goods in Europe
- + Services along the export logistic chain
- + Most important commercial terms
- + How logistic providers can manage your company's logistics effectively
- + Different logistic providers and their expertise
- + Advantages and disadvantages of outsourcing your logistics to a logistic provider
- + Warehouse options to store goods in Europe
- + Most important contacts and further information

Different ways to export goods to Europe

Direct export is a common option for small companies when starting their international business. However, there are other options such as warehousing with and without a legal representative that should be taken into consideration. As most companies already have good knowledge about direct export, this guide will focus on warehousing in Europe and engaging a logistic provider.

Direct Export

A Non-EU company sells goods directly to an EU customer.

- + Good for small exporters
- + A lot of paperwork for importer
- + For quantities bigger than one container
- + Not all customers want to do direct import
- + Only costs occur when exporting

Different ways to export goods to Europe

Warehousing in Europe without legal representative

A company exports goods and stores them in a warehouse in the EU with the help of a logistics provider. The goods are sold within the EU, so the customer does not have to worry about importing them.

- + Smaller quantities than one container are possible
- + Custom declaration by exporter or logistic company in the name of the exporter
- + Bonded warehouses or Free Tariff Zones (FTC) possible for goods such as coffee
- + Warehousing costs each months

Warehousing in Europe with legal representative

A company has a legal representative in Europe. The goods can be sold within the EU. The warehousing can be managed by the company itself or by a logistic provider.

- + Option for companies with high export volume and high expertise
- + High maintenance costs

Why storing goods in Europe?

There are some factors that lead exporters to the thought of storing their goods in Europe, some of which are listed here. However, it is always important to do a cost-benefit-analysis to check whether it pays off in the end.

- + High flexibility to react on changing markets and circumstances
- + Makes your fixed costs variable (flex with order volumes)
- + Requires no direct capital investments in people, buildings and IT
- + Provides various opportunities to maximize your European customer service
- + Extends order cut-off times for your European clients
- + Shortens delivery times (1-3 days depending on the EU destination)
- + Stocked samples are quickly available for new customers
- + Ability to sell smaller quantities at once (reach clients without direct imports)
- + Bonded Warehouse: No pre-financing of VAT and European import duties
- + Increase customer confidence and trust

Services along the Export Logistic Chain



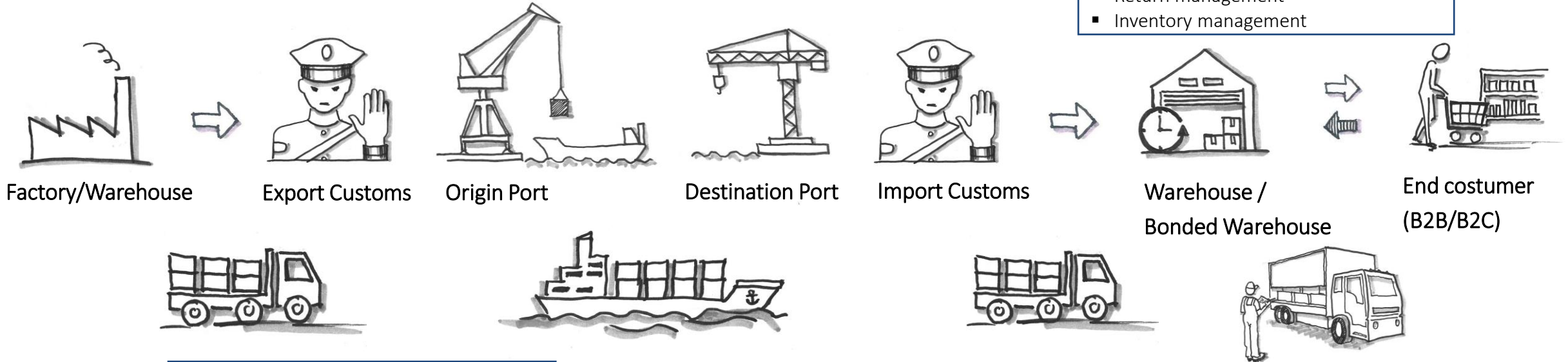
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Administrative services

- Documentation i.e. certificate of origin , customs value declaration and export licence

- Costums clearance
- Documentation i.e. Entry Summary Declaration, EORI Number

- Rent warehouse (-space)
- Manage warehouse (-space) and product orders
- Configuration and packing
- Labelling
- Unload and reload the trucks
- Return management
- Inventory management



Cargo services

- Transport to customs office/port
- Load up the ship
- Bill of Loading

- Unload the ship
- Transport to warehouse

- Transport to the costumer via road, railway etc.

All trade documents need to be organised and issued in advance and presented at the appropriate place.

Overview legal requirements for export

In order to export to the EU, you must meet several legal requirements. Especially for food products there are additional specific requirements. The most important ones are explained in more detail below. You may also refer to the linked additional information.

General Requirements

- + EORI number
- + Customs Tariff Number (HS Code)
- + Custom Clearance

Specific Requirements

- + TRACES for organic goods
- + Rules of Origin (ROSA Tool)
- + Trade agreements



Additional Information:

- + [Global Trade Helpdesk](#) (Overview requirements for your product)
- + [TRACES - Trade Control and Expert System \(europa.eu\)](#)
- + [Access2Markets Presenting ROSA \(europa.eu\)](#)
- + [Access2Markets EU-Colombia-Peru-Ecuador Trade Agreement \(europa.eu\)](#)

Who needs an EORI number?

EORI stands for **E**conomic **O**perator's **R**egistration and **I**dentification.

It is used to identify economic operators and is intended to facilitate automated customs clearance.

Without a valid EORI number, customs actions in the EU are no longer possible.

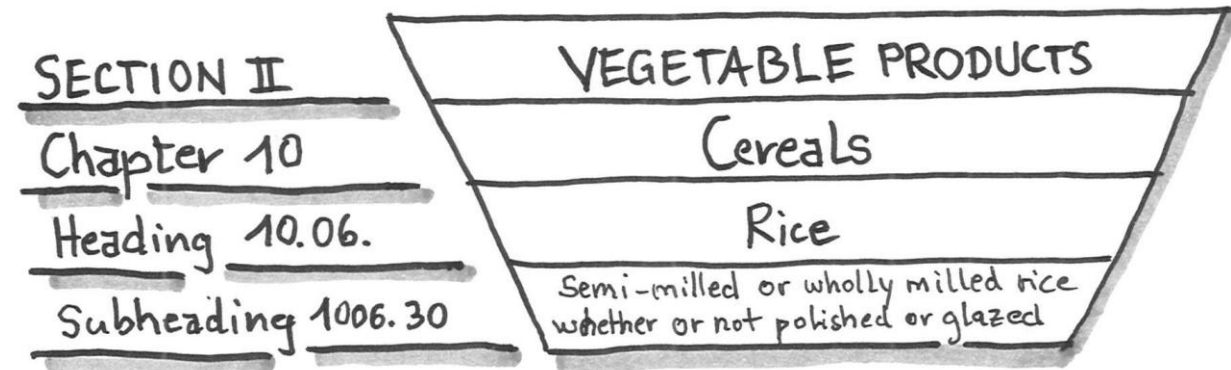
- + Exporter and importer must have an EORI number
- + Exporter and importer must be registered by the fiscal authority in the importing country
- + Import clearance can also be transferred to other companies (i.e. logistic providers).
In this case the exporter does not need an EORI number.

Additional Information: [Customs online - EORI number \(zoll.de\)](https://www.zoll.de)

Product Classification – HS Code

Every good exported into the EU is classified under a tariff code, also called **Harmonised System (HS)**. Make sure to read the explanatory notes carefully and choose the appropriate HS Code. If you are unsure, engage a lawyer. It's your responsibility to choose the correct HS code.

- + The HS Code consists of 8 digits:
 - + Section + chapter (2 digits) + headings (4 digits) + sub-headings (6 digits)
- + Regulates conditions and tariffs for the specific product:
 - + duty rates and other levies applicable to the product
 - + protective measures (e.g., anti-dumping)
 - + import and export formalities
 - + other non-tariff requirements (health certificates, quality controls, CE marking, etc.)



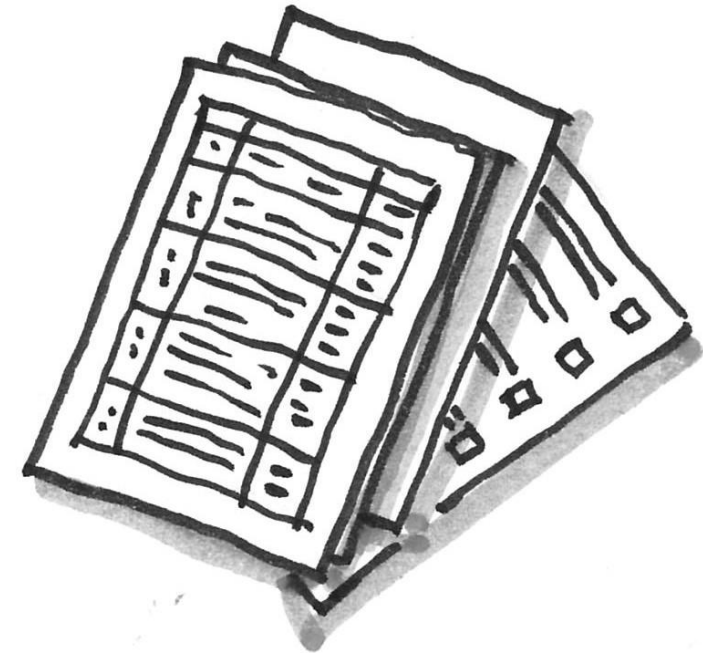
Additional Information: [HS Code, Customs Tariff Number, Taric guide - European Database](#)

Customs Declaration

A **customs declaration** is an official document in which the goods to be exported are listed and described in more detail.

Documents for Customs Declaration

- + Entry Summary Declaration (ENS)
- + Transport documents
- + Commercial invoice
- + Certificates of origin
- + Test results and other certificates
- + Inspection certificates (such as plant-health certificates)



Additional Information: [Customs online - Duties and taxes \(zoll.de\)](https://www.zoll.de)

INCOTERMS 2020 - Logistical Responsibilities

INCOTERMS 2020

Responsibility Matrix for Contract of Sale

INCOTERMS 2020	FREIGHT COLLECT TERMS					FREIGHT PREPAID TERMS						
	EXW	FCA	FCA	FAS	FOB	CFR	CIF	CPT	CIP	DPU	DAP	DDP
	Ex-Works	Free Carrier (Warehouse)	Free Carrier (Port/Airport)	Free Alongside Ship	Freight on Board	Cost & Freight	Cost Insurance & Freight	Carriage Paid To	Carriage & Insurance Paid	Delivered at Place Unloaded	Delivered at Place	Delivered Duty Paid
Mode of Transport	Any Mode	Any Mode	Any Mode	Ocean Only	Ocean Only	Ocean Only	Ocean Only	Any Mode	Any Mode	Any Mode	Any Mode	Any Mode
Obligations and Charges												
Export Packaging	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Export Formalities	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading at Point of Origin	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Origin Inland Freight	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Origin Port charges	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Forwarder Fees	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Ocean / Air Freight	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Destination Port Charges	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller
Customs Clearance	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller
Import Duties & Taxes	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller
Delivery Charges to Final Destination	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller

To facilitate global commerce incoterms are used. They are globally recognized and prevent confusion in foreign trade contracts by clarifying the obligations of buyers and sellers.

The most common for exporting goods from NON-EU countries to the EU are:

- + Free On Board (FOB)
- + Cost Insurance & Freight (CIF)

Product Liability vs. Incoterms

Product liability refers to the liability of all parties along the chain of manufacture of any product for damage caused by that product.

- + Logistic provider organizes the transport in the name of the importer/exporter according incoterms
- + Importer or exporter always have the product liability
- + Logistic provider cannot be distributor or producer of the product at any time
- + Final product must be labelled with
 - + **Distributor** = Importer in the EU
 - or
 - + **Producer** = Exporter with Legal Representative in the EU

Engaging a logistic provider

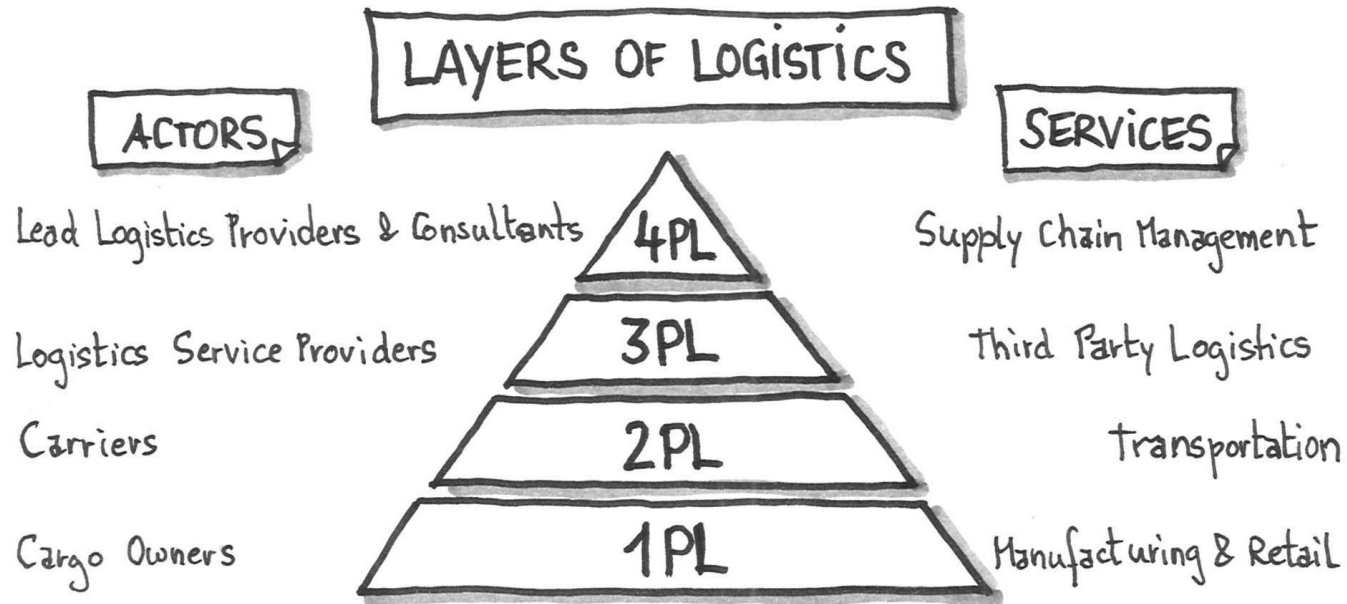
Why should I outsource the management of my export logistic operations?

Managing the entire logistical process from the base of your business to the end customer can be very overwhelming, especially if your expertise is in manufacturing. Outsourcing the logistics to another company that specialises in these processes can therefore not only be very helpful, but also save a lot of costs, especially if you deal with small quantities.

The following information should help you finding your way through the forest of different logistics service providers and their levels of competency. Warehousing in Europe is also included in their service offerings.



Layers of Logistics



Example

3PL: A fulfilment company packs walnuts, stores them & transports them from farm to grocery store

4PL: A logistic company strategically manages a 3PL on behalf of the farmer to package, store & deliver walnuts to the grocery store

The choice of logistic provider depends on the extent to which it is possible to manage logistics in-house in an efficient way. In other words, **smaller companies usually opt for 3PL or 4PL providers** to manage their logistic operations, while large companies have sufficient resources to manage their own warehouse and opt for a 1PL provider.

Third-Party Logistics Provider (3PL)

Third Party Logistics (3PL) refers to services that a logistics company orders from a service provider to carry out the company's logistics, warehousing, order preparation or transport. A 3PL acts as an intermediary between the company and its customers. 3PL usually leases warehouse space and outsources transportation to other carriers for purposes of shipping and freight. Most 3PLs have dashboards that allow clients to access logistics data in real-time to aid decision-making. A 3PL company objective is to optimise cargo transportation, speed-up shipments to fulfil deliveries time wisely.

Services included

- + Cargo Transportation
- + Warehousing
- + Cross-docking
- + Inventory Management
- + Packaging and return acceptance
- + Customs Clearance
- + Labelling and freight forwarding
- + (Light) Assembly and kitting

Fourth-Party Logistics Provider (4PL)

4PL takes 3PL a step further by also managing outsourced logistics on top of directing the movement of goods. 4PL act as advisors to evaluate, optimise and manage the logistic strategy. In other words, they work administratively and across companies: it networks suppliers, producers, traders, IT service providers, consultants, financial service providers, marketplaces, logistics service providers and more. In practice, 4PL providers are service providers for the structuring and management of supply chains strategically.

Services included

- + Optimizing transportation operations
- + Coordinating suppliers
- + Integrating supply chain technologies
- + Synchronizing inbound and outbound logistic flows
- + Modelling and managing distribution networks

Benefits to consumers

- + Outsourcing of non-core competencies
- + Function as service integrator
- + Cross-company supply chain optimisation

Advantages of engaging a logistic provider

Advantages

- + **Time and labour/resource savings** that are indispensable for efficient logistics management can now be invested in other business areas
- + Costs for properties, facilities such as warehousing, and staff are covered by the logistic provider. This can be **economically advantageous**, especially when trading small quantities. Cost savings!
- + Logistic providers have a network of warehouses so that **goods can be brought closer to the end customer and orders can be delivered more quickly.**
- + More **competitive shipping costs** due to the high level of goods handling with a wide range of customers by the logistic provider
- + **Know-How benefits**
- + **Quality and efficiency increase** (everyone does what they do best)

Disadvantages of engaging a logistic provider

Disadvantages

- + **Limited control** over logistic processes
- + Dependence on the contracted logistic providers, which can lead to **missing opportunities to improve services or reduce costs**
- + **High level of trust**, as logistic provider is given access to confidential information
- + **Different corporate cultures** of the partners involved hinder the project

Criteria for choosing a logistic provider

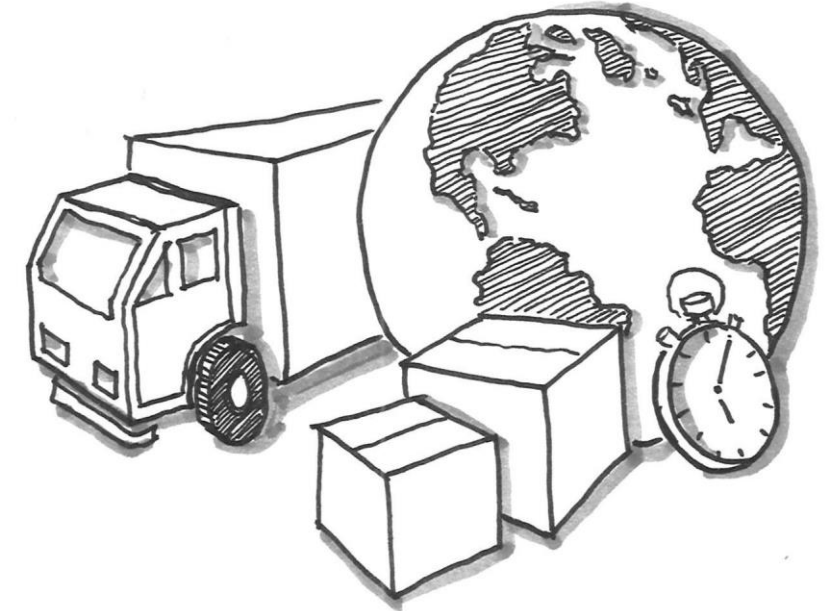


- + **Price:** The price offered by logistics service providers depends on many different components, i.e. the type of goods, the shipping method (urgent or non-urgent shipping), the destination and the level of outsourcing.
- + **Adaptability:** The capacity of a logistics service provider must be considered so that it can adapt to your logistical needs. Efficient responsiveness to an increase in activity is key to sustainable business growth.
- + **Technology:** Chose a logistics service provider that uses advanced technology and automation to carry out their processes, both in warehousing and in order preparation and shipping.
- + **Special Requirements:** Some products have special logistical needs, for example perishable products. Chose a provider that is equipped for cold fulfilment (temperature controlled or freezing). They also must provide all the necessary certification regarding food (HACCP, ISO, organic certification etc.).
- + **Reputation:** The credentials of the 3PL service provider must be excellent. It is essential that it has financial stability while providing an efficient service.
- + **AEO certification:** Authorized Economic Operator (AEO) certified logistic companies have have easier and faster custom controls.

Overview of different logistic providers

There are countless logistics service providers that vary in size, specialisation and scope of services. Make sure you do extensive research to find a logistics service provider that best suits your needs. This list covers only a handful of options, but it may help you to start your search.

- + [Germany logistic companies \(logisticslist.com\)](https://logisticslist.com)
- + [4PL logistics companies \(logisticslist.com\)](https://logisticslist.com)
- + [Home \(dachser.de\)](https://dachser.de) (specialized in dry food, AEO certified, 3 and 4 PL)
- + [Nordfrost GmbH & Co. KG | Startseite](#) (specialized in deep frozen food)
- + [List of fulfillment centers and logistic operators in Germany \(ecommercegermany.com\)](https://ecommercegermany.com)
- + [Kontakt | Schryver](#) (logistics specialized Latin America- Germany recommended by AHK Colombia)



Different Warehouse Options

Apart from the different logistic providers, one should also have a look on the warehouse options in the EU. Below, you will find the most important ones and further explanations.

- + **Warehouse:** A company rents storage in a warehouse that is managed by a logistic provider.
- + **Bonded Warehouse:** A company rents storage that is managed by a logistic provider. Bonded warehouse is a special form of warehouse for goods such as coffee. For these goods additional taxes must be paid, and custom regulations are even stricter. They are normally managed by a logistic provider as they need a high level of expertise.
- + **Warehouse with legal representation:** As a non-EU resident you need to be **established as a firm and/or have a work permit** that allows you to carry out an independent commercial activity. The company can own its own warehouse or engage a logistic provider for that.

Note: The term "representative office" is not recognised under German commercial and trade law. It is known as **branch office** in Germany.

Bonded Warehouse



After the freight has entered the port, it can be stored in a Bonded Warehouse. These warehouses are especially interesting for goods such as coffee, alcohol, tobacco.

- + Exporter ships and stores the goods without paying import taxes in that moment
- + The goods are taxed in the moment they leave the bonded warehouse and are sold in the EU
- + Especially interesting for goods with additional taxes and strict custom regulations
- + Logistic provider is needed for storage, fulfilment, process of orders and delivery to customers
- + Logistic provider acts in the name of the exporter for customs. However, the product liability is with the exporter and stays with him until the product leaves the bonded warehouse.
- + The sales, order booking, confirmation and billing processes can be made by the logistic provider

Bonded Warehouse vs. Warehouse

Below you will find the main advantages and disadvantages of a Bonded Warehouse compared to a regular warehouse.

Advantages

- + Tariff payment can be postponed, reducing capital bonding
- + Less effort for customers in terms of paperwork and logistics vs. FOB purchase
- + Secure storage
- + Long-term storage

Disadvantages

- + Requires license from the customs authority in the EU country
- + All products should be removed, and duty paid for at the end of two years
- + Big sales efforts needed
- + Long clearing process
- + Very high standards and strict controls by authorities

Warehouse with legal representation

You may want to handle your sales in the EU yourself via a legal representation. This brings some additional factors in terms of warehousing that you need to consider. The procedure is as follows:

- + The exporting company can ship the goods, import and store them in the EU.
- + The shipment can be outsourced to a logistic provider.
- + VAT and EORI number are needed for importing the goods.
- + To obtain an EORI Number, the company must be registered in the EU.
- + The sales, order booking, confirmation and billing processes are made by the exporter. This can be outsourced to a logistic provider.
- + Exporter or logistic provider manages the sales and ordering process and passes information on to the logistic supplier.

Additional Information:

- + [Branch Offices and permanent Establishments - Handelskammer Hamburg \(hk24.de\)](https://www.hk24.de)
- + [Basics setting up business in Germany – GTAI \(gtai.de\)](https://www.gtai.de)

Warehouse with legal representation

If you think about opening a legal representation you should do a cost-benefit analysis.

Advantages

- + Highest service level, easiest alternative for customers
- + Flexibility in minimum quantities and sale options
- + Feasible model for E-commerce
- + Direct contact with client and direct product feedback

Disadvantages

- + High costs of legal representation in the EU
- + Big sales efforts needed to serve more clients
- + Several service providers are needed for the operation
- + High expertise in warehousing needed

A legal representation in the EU provides a high service level for the clients, yet one must bear in mind the high costs and level of expertise needed. For small companies it tends not to be worth it.

Additional Information

Links of useful websites

If you would like to get more information, we recommend the following websites and links:

- + [Blog: Small business logistics \(thebalancesmb.com\)](http://thebalancesmb.com)
- + [Trade in organics | European Commission \(europa.eu\)](http://europa.eu)
- + [Export to Europe Guide \(cbi.eu\)](http://cbi.eu)



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