

CES 718

Compulsory Ethiopian Standard

First Edition

Fright forwarder Requirment

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Freight Forwarding Service Standard

1. Scope

This standard specifies the minimum service requirements, operational procedures, performance criteria, and compliance obligations for freight forwarding service. It applies to all entities engaged in arranging, coordinating, managing, and facilitating the movement of goods across international and domestic supply chains.

The standard applies to all licensed freight forwarders, logistics service providers, and entities engaged in the arrangement, coordination, documentation, transportation, customs processing, and delivery of import, export, transit, and multimodal cargo.

2. Normative References

The following documents are indispensable for the application of this standard:

- ISO 9001 – Quality Management Systems
- ISO 28000 – Security Management Systems for the Supply Chain
- ISO 14001 – Environmental Management Systems
- ISO 45001 – Occupational Health and Safety Management Systems
- ISO 31000 – Risk Management Guidelines
- Customs Proclamation of Ethiopia
- Ethiopian Trade and Transport Regulations
- World Customs Organization (WCO) SAFE Framework of Standards
- FIATA Model Rules for Freight Forwarding Services
- ICC Incoterms®

3. Terms and Definitions

For the purposes of this standard, the following terms shall apply:

- 3.1. Freight Forwarder:** A natural or legal person that organizes shipments for individuals or corporations to transport goods from the manufacturer or producer to a market, customer, or final point of distribution.

3.2. Shipper: The party that contracts with the freight forwarder for the transport of goods.

3.3. Consignee: The party entitled to receive the goods.

3.4. Multimodal Transport: The carriage of goods by at least two different modes of transport under a single contract.

3.5. House Bill of Lading (HBL): A transport document issued by a freight forwarder to a shipper.

3.6. Master Bill of Lading (MBL): A transport document issued by a carrier to a freight forwarder or consolidator.

3.7. Customs Clearance: The process of fulfilling customs requirements for the import or export of goods

4. General Requirements

4.1. Legal Status and Licensing Requirement

4.1.1. The freight forwarder shall be legally established and registered in accordance with the applicable national law.

4.1.2. A person shall perform the business of freight forwarding services only upon acquiring a license.

4.1.3. A person who acquires a freight forwarder license shall be deemed to have acquired a customs clearance license.

4.1.4. The freight forwarder shall possess and maintain valid business licenses, permits, customs clearing authorizations, and any other approvals required by the relevant regulatory authorities.

4.1.5. The freight forwarder shall ensure that all licenses, permits, and registrations remain valid throughout the period of operation and shall make such documents available upon request by the competent authority.

4.2. Renewal of License

Licenses will be renewed in accordance with the following procedures:

- 4.2.1. The freight forwarder shall renew its Certificate of Competency annually from the date of issuance. The freight forwarder will apply for renewal 30 days prior to expiry date of the license.
- 4.2.2. All requirements for initial issuance of license shall remain in force during renewal of the license.
- 4.2.3. The freight forwarder shall submit valid trade registration and tax clearance documents along with the application for renewal of the license.
- 4.2.4. The freight forwarder shall submit renewal applications in formats accepted by the licensing authority.
- 4.2.5. The freight forwarder license shall be subject to cancellation if an application for renewal is not submitted within sixty (60) days following the expiry date of the license.
- 4.2.6. The freight forwarder shall be liable for the penalty fee determined by the licensing authority after 10 days from the license expiry dates

4.3. Organizational Structure and Governance

- 4.3.1. The freight forwarder shall establish and maintain an organizational structure that clearly defines responsibilities, authorities, and reporting relationships.
- 4.3.2. The freight forwarder shall designate competent personnel responsible for operational management, customs clearance activities, customer service, compliance management, and quality assurance.
- 4.3.3. The freight forwarder shall maintain documented job descriptions and responsibilities for all key positions.

4.4. Human Resource Competence

- 4.4.1. The freight forwarder shall employ personnel with the following qualifications, knowledge, skills, and experience necessary to perform assigned duties
- 4.4.2. **Employ a minimum of four professionals with academic qualification and experience** as following:
- 4.4.3. First degree or above in business field, transport, logistics and supply chain management, shipping, maritime law, business law or related fields from a recognized

university or college, and work experience with shipping companies or shipping agents or freight forwarders in managerial positions at least for two years.

1.1. FIATA Diploma , College diploma in business field, transport, logistics, shipping or Specific Requirements:-

1. The foreign Freight forwarders shall submit application letter to the Authority.
2. The freight forwarder shall submit a copy of the investment permit issued by the Ethiopian Investment Commission allowing the foreign company to invest in the country.
3. The freight forwarder shall submit copies of the business license and registration certificate from the country where the foreign company is originally registered.
4. The freight forwarder shall submit copy of evidence from the licensing authority of the company's home country proving that the foreign company has operated in the logistics sector at least 5 years.
5. The freight forwarder shall Employ a minimum of 10 local professionals with academic qualification and experience as follows:-
 - Freight Forwarder local employees shall have First degree or above in business field, transport, logistics and supply chain management, shipping, maritime law, business law or related fields from a recognized university or college, and
 - Experience with logistics sector in managerial positions at least for two years and must submit their educational qualifications, work experience, CVs, competence of certificate and employment contracts.
 - Or FIATA Diploma or College diploma in business field, transport, logistics, shipping or related fields and work experience of at least four years in the sector and must submit their educational qualifications, work experience, competence of certificate and employment contracts.
 - Personnel engaged in customs clearance activities shall possess adequate knowledge of customs laws, tariff classification, valuation procedures, import and export requirements, and related regulations.
6. The freight forwarder shall Expatriate professionals hired from abroad by the foreign company must have at least 5 years of experience and hold at least a Bachelor's degree or above from a recognized educational institution in: Shipping Management, Port Management, Logistics and

Supply Chain Management, Transport, Business Administration, Management Information Systems, Maritime Law, Maritime Administration, or related fields.

Commented [M1]: Please enter this one for both the foreigner and the domestic one.

4.4.4. Foreign freight forwarder company shall employ personnel in accordance with the applicable national labor laws and regulations.

4.4.5. Personnel engaged in customs clearance activities shall possess adequate knowledge of customs laws, tariff classification, valuation procedures, import and export requirements, and related regulations.

4.4.6. The freight forwarder shall establish and implement a training and competency development program for employees.

4.4.7. Training records and competency assessments shall be maintained and made available for inspection when required.

4.5. Financial Capacity and Insurance

4.5.1. The freight forwarder shall maintain sufficient financial resources to sustain operational activities and meet contractual obligations according to the national applicable Law.

4.5.2. The Freight forwarder shall maintain valid professional indemnity insurance, liability insurance, or other appropriate insurance coverage commensurate with the nature and scale of operations.

4.5.3. Evidence of insurance coverage shall be available for verification by the competent authority upon request.

4.6. Regulatory Compliance

4.6.1. The freight forwarder shall comply with all applicable customs, trade, transport, taxation, labor, safety, environmental, and other relevant laws and regulations.

4.6.2. The freight forwarder shall establish procedures for identifying and complying with applicable legal and regulatory requirements.

4.6.3. Any violation, suspension, or revocation of regulatory authorization affecting service delivery shall be reported promptly to the relevant authority.

4.7. Information and Communication Systems

4.7.1. The freight forwarder shall maintain reliable ICT systems to facilitate timely exchange of information with customers, customs authorities, transport operators, and other stakeholders.

4.7.2. The freight forwarder shall implement electronic data exchange systems used for processing operational and customs-related information shall ensure data integrity, security, confidentiality, and availability.

4.7.3. Backup and recovery procedures shall be established to ensure continuity of operations in the event of system failure.

5. SERVICE REQUIREMENTS

5.1. Shipment Arrangement

5.1.1. The freight forwarder shall ensure accurate booking of cargo space with carriers.

5.1.2. All freight rates and charges shall be communicated transparently to the client prior to shipment execution.

5.2. Cargo Handling and Consolidation

5.2.1. Cargo consolidation shall be performed in a manner that ensures safety, efficiency, and cost optimization.

5.2.2. All cargo shall be properly labeled, documented, and segregated as required.

5.3. Documentation Requirements

5.3.1. The freight forwarder shall ensure preparation, verification, and submission of all required shipping documents, including but not limited to:

- I. Shipping Instruction
- II. VGM(Verified Gross Mass)
- III. Bill of Lading (HBL/MBL)
- IV. Way bill(air, truck and rail)
- V. Commercial Invoice
- VI. Packing List
- VII. Certificate of Origin
- VIII. Insurance Certificate (where applicable)

5.3.2. The freight forwarder shall:

- I. Prepare and verify all transport documents required for shipment movement.
- II. Ensure the accuracy and completeness of information contained in shipping documents.
- III. Maintain document traceability and records.

5.4. Cargo Tracking and Visibility

5.4.1. The freight forwarder shall maintain a cargo tracking system capable of providing real-time or near real-time shipment status updates.

5.4.2. Shipment status updates shall be provided at least every forty-eight (48) hours or upon occurrence of material changes.

5.5. Delivery and Proof of Delivery

5.5.1. The freight forwarder shall ensure timely delivery of cargo in accordance with agreed service timelines.

5.5.2. Proof of Delivery (POD) shall be issued for all completed deliveries

6. INFRASTRUCTURE AND OPERATIONAL REQUIREMENTS

6.1. The freight forwarder office shall be equipped with a minimum of office furniture and equipment.

6.2. The freight forwarder shall utilize logistics management systems capable of electronic documentation processing.

7. Responsibilities of the Freight Forwarder

7.1. The freight forwarder shall transport goods by trucks, train, air or ships on behalf of the importer or exporter by operating own truck by subcontracting the services from transport operators.

7.2. A freight forwarder shall handle consolidation and de-consolidation of goods in bonded warehouses by customs.

- 7.3. A freight forwarder shall inspect and examine types, quantities, marks, numbering, number of packages and conditions of goods during delivery to the warehouse and make entry of records accordingly.
- 7.4. The freight forwarder carrying out packing of perishable or hazardous goods shall take special care that these goods demand in the process of packing.
- 7.5. A freight forwarder operating an inland container depot shall provide various services including but not limited to laden/empty container storage, container cleaning, container unloading/loading, stuffing and un-stuffing of goods into/from containers, and container inspections.
- 7.6. A freight forwarder shall arrange for cost effective and expedited port clearance and transit of goods to/from Ethiopia through a transiting country.
- 7.7. A freight forwarder shall reserve cargo space in a ship, plane, train or truck on behalf of the customer up on receipt of instruction from an exporter or importer with a shipping line or through its agent.
- 7.8. A freight forwarder shall ensure availing of export shipping documents including but not limited to commercial invoice, certificate of origin, inspection certificate, packing list, export license, customs declaration, truck-way bill, air-way bill, bill of lading for the customer, dispatch, consignment note, etc.
- 7.9. A freight forwarder shall arrange insurance for goods handled by it as a principal during transport or in warehousing or shall ensure availability of insurance coverage for services sub-contracted from other operators.
- 7.10. A freight forwarder shall dispatch shipping documents to sea ports or other destinations to ensure fast movement of goods.
- 7.11. A freight forwarder may provide other services not stated in this standard so long the services are approved by the licensing authority.
- 7.12. Prepare and submit annual performance reports to the licensing authority.
- 7.13. The freight forwarder shall arrange transportation in accordance with the customer's instructions, select qualified carriers and service providers, monitor shipment movements, and provide timely shipment status updates to the customer.

- 7.14. The freight forwarder shall facilitate customs clearance procedures, coordinate with customs authorities and other regulatory agencies, and advise customers on the permits, licenses, and certificates required for the shipment.
- 7.15. The freight forwarder shall provide regular shipment updates, promptly notify customers of any delays or incidents, and respond to customer inquiries within one business day
- 7.16. The freight forwarder shall exercise reasonable care in handling cargo, communicate applicable packaging requirements to the customer, and arrange appropriate transportation conditions to ensure the safe movement of the shipment.
- 7.17. The freight forwarder shall provide customers with accurate information regarding transport options, costs, transit times, regulatory requirements, and shipment status.
- 7.18. The freight forwarder shall promptly inform customers of any delays, disruptions, losses, damages, or other incidents affecting cargo movement.
- 7.19. The freight forwarder shall maintain effective communication channels for customer inquiries and support.
- 7.20. Special cargo, including dangerous goods, perishable goods, oversized cargo, and high-value cargo, shall be handled in accordance with relevant national and international regulations.
- 7.21. The freight forwarder shall take reasonable measures to prevent cargo loss, damage, theft, contamination, or unauthorized access.
- 7.22. The freight forwarder shall comply with all applicable customs, transport, trade, taxation, security, safety, environmental, and labor regulations.
- 7.23. The freight forwarder shall ensure that all permits, licenses, certificates, and authorizations required for service delivery remain valid.
- 7.24. The freight forwarder shall cooperate with competent authorities during inspections, audits, and investigations.
- 7.25. The freight forwarder shall protect the confidentiality of customer information, commercial data, and shipment records.
- 7.26. Confidential information shall not be disclosed to unauthorized parties except where required by law or authorized by the customer.

7.27. The freight forwarder shall maintain appropriate insurance coverage relevant to the nature and scale of operations.

7.28. The freight forwarder shall clearly communicate the extent and limitations of liability to customers.

8. Liabilities of Freight Forwarders

8.1. A freight forwarder shall be liable for the total or partial loss or damage or delay of goods.

8.2. The liability period for goods commences from the time the freight forwarder takes over the goods until delivered or as specified in the contract for carriage.

8.3. The liability period for the goods in container depots or warehouse commences from the time the goods are unloaded from the vehicles or train, and end at the time the goods are loaded on trucks for dispatch or delivery.

8.4. The freight forwarder is liable for any damage or loss of the goods by acts or neglects of the freight forwarder, its employees or its servants.

8.5. The freight forwarder shall be exempted from liability if the damage or loss is caused by act or neglect of the cargo owner or by force majeure.

8.6. If goods are not delivered in thirty days → twenty days from the time limit agreed in the contract of carriage or, if such an agreement is not made, sixty days from the time of taking over the goods for carriage, the goods are evidenced as lost.

8.7. A cargo owner compensated for loss or damage of goods shall request the freight forwarder to notify him if goods are discovered within a period of one year, and the freight forwarder is obliged to notify him in writing when such goods are discovered.

8.8. The cargo owner shall be entitled, within thirty (30) days of notification regarding the recovery of goods deemed lost under Clause 3.1.6, to request redelivery of the goods upon refunding any compensation received and paying the applicable charges indicated in the consignment note.

8.9. Limitations of Liabilities

The limitations of liabilities of the freight forwarder are governed as following:

8.9.1. The freight forwarder shall not pay in excess of the market value of the lost or damaged goods at the time and place of delivery.

- 8.9.2. When the values of the goods are not known, the payment shall not exceed SDR 835 per package or 2.5 per kilogram of gross weight of the goods lost or damaged.
- 8.9.3. When value and nature of goods are declared and made part of the contract, liability shall be made in reference of the market values of the goods at the time and place of delivery of the goods.
- 8.9.4. Compensation for delay of cargo shall be two and half times the freight amount but will not exceed the value in the contract document.
- 8.9.5. Units of measurement shall mean packages, pallets or containers but sacs or bags shall not be considered as units of measurement for compensation.
- 8.9.6. When a freight forwarder is liable for a loss arising from delay, such liability shall not exceed the amount of revenue related to the service causing the delay.
- 8.9.7. When the liabilities involve the agents or servants of the freight forwarder, the total claims shall not exceed the limits stated under 4.2.1 to 4.2.6 above.
- 8.9.8. The freight forwarder, as far as applicable to the relevant rules, shall have general lien to the goods.
- 8.9.9. The time bar for raising claims against loss or damage or delay is twelve months from the date of occurrence of damage or loss or from the contract date for delivery of the goods.
- 8.9.10. For claims from third parties, the freight forwarder has the right to subrogate the customer up on request from the customer.

9. Customer Responsibilities

- 9.1. *The customer shall provide complete and accurate forwarding instructions, submit all required permits, licenses, and certificates, and ensure the accuracy of all documentation provided.*
- 9.2. The Customer shall immediately notify the Freight Forwarder of any changes to its registered address, email address, telephone number, or other contact information.
- 9.3. In case of unforeseen circumstances freight forwarder shall act in the best interest of the customer extra costs and charges have to be borne by the customer.

- 9.4. All monies due shall be paid without any reduction or deferment on account of any claim or set-off
- 9.5. The customer shall be liable to the freight forwarder for all loss or damage, costs expenses and official charges resulting from the customers inaccurate or incomplete information or instructions or the handling over by the customer or any person acting on his behalf to the freight forwarder or to any other person to whom the freight forwarder may become liable, of goods having caused death or personal injury.
- 9.6. The customer shall provide details about loading measurement or weight, types and qualities, marks, labels and numbering of goods as well as names, addresses and relevant details of shippers and consignees.
- 9.7. The customer shall State specific features and characteristics of goods, perishability and value of goods.
- 9.8. The customer shall give any limitations or hindrances with respect to trade marks, import/export license, statutory or legal requirements in importing or exporting country.
- 9.9. The customer shall provide information about the nature, type, specific characteristics, and special-handling requirements of perishable and hazardous goods.
- 9.10. The customer shall settle payments for services in time and in full.
- 9.11. The customer shall handle all transactions in dealing with freight forwarders with transparency; conformity with legal and lawful acts at all times
- 9.12. Customer service, complaints, and dispute resolution**
- 9.12.1. The freight forwarder shall establish a customer service system accessible during normal business hours.
- 9.12.2. Complaints shall be acknowledged within twenty-four (24) hours of receipt.
- 9.12.3. Complaints shall be resolved within five (5) working days, except in complex cases requiring extended investigation.
- 9.12.4. A structured dispute or complaints escalation mechanism shall be set and maintained, incorporating both internal and external resolution procedures to ensure the timely and effective handling of complaints or disputes, and appeals.

10. Quality, Safety, Risk and Environmental management system

- 10.1.** The freight forwarder shall implement a documented quality management system.
- 10.2.** Cargo handling shall be conducted in a manner that prevents loss, damage, or deterioration.
- 10.3.** The freight forwarder shall maintain a formal risk management framework addressing operational, financial, and regulatory risks.
- 10.4.** Appropriate insurance coverage shall be maintained for cargo and liability risks.