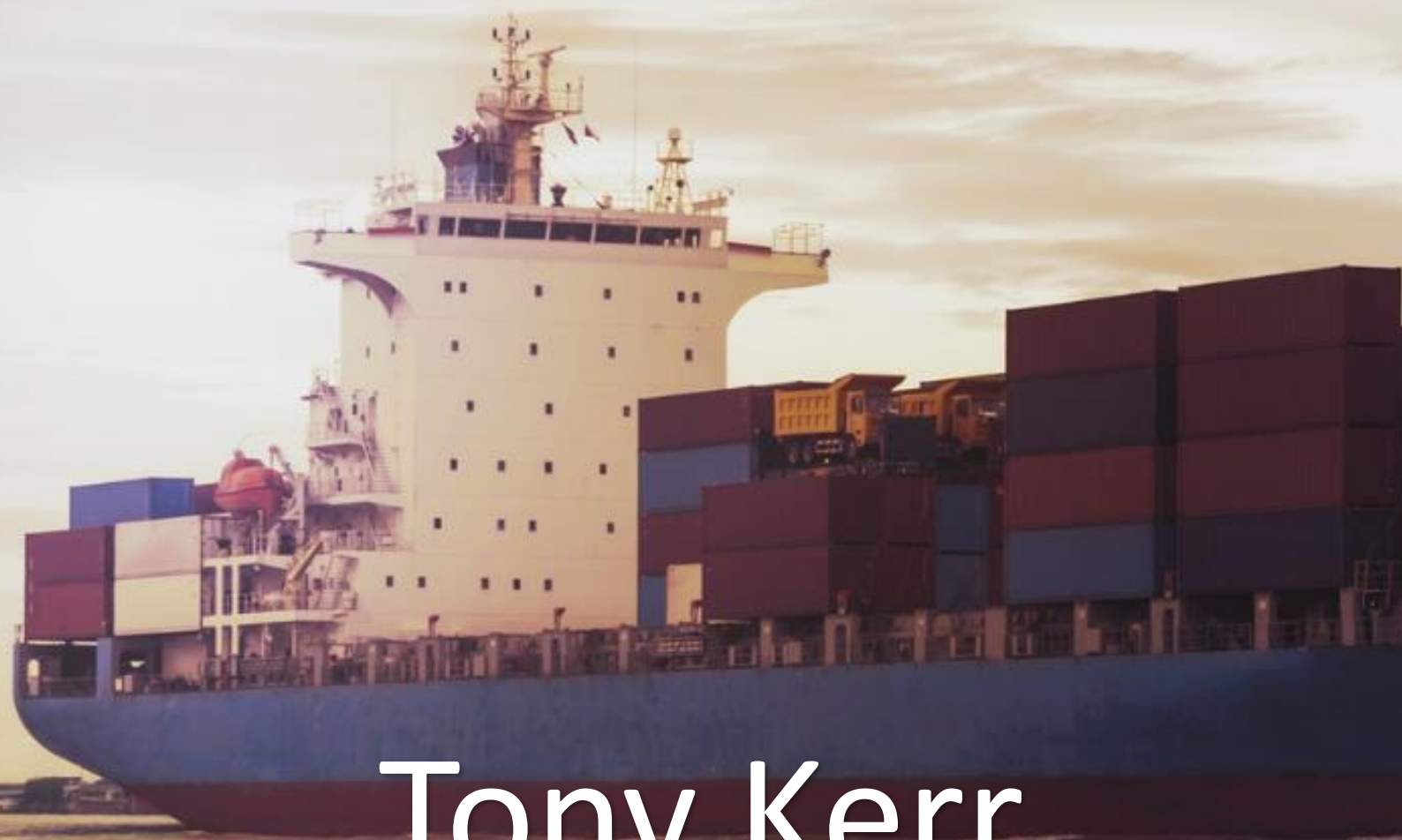




TRANSSHIPMENT

GUIDE 2025



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1. What is Transshipment?

1.1 Definition

Key Legal Definitions

Transshipment is the **customs-controlled transfer of goods** from one means of transport to another within an intermediate location before reaching their final destination. It is a temporary procedure where the goods do not enter the local market of the intermediate country, and no import duties or taxes are levied unless goods are diverted for local consumption.

World Customs Organization (WCO):

“Transshipment means the customs procedure under which goods are transferred under customs control from the importing means of transport to the exporting means of transport within the area of one customs office which serves as both the office of importation and exportation.”

— *Revised Kyoto Convention, Specific Annex E, Chapter 2*

China Customs Law (Art. 5):

“Transit, transshipment and through goods are goods which originate from outside the customs territory, pass through the customs territory, and leave for a destination outside the territory.”

— *Customs Law of the PRC (2017 Amendment)*

U.S. Customs & Border Protection (CBP):

“The movement of imported goods through an intermediate country or port, involving a change in carrier or mode of transport, prior to their entry into the United States.”

— *CBP Informed Compliance Publication: Rules of Origin and Markin*

1.2 Core Features of Transshipment

Element	Explanation
Customs Control	Goods remain under customs supervision (bonded area, port, or FTZ).
Intermediate Location	Occurs in a country other than the origin or destination.
No Local Importation	No payment of local import duties or taxes unless diverted to local commerce.
Documentation	Requires manifests, through bills of lading, and often a transshipment declaration.
Time-Bound	Goods must move onward within a set period under customs supervision.

1.3 Transshipment vs. Related Concepts

Concept	Key Features	Example
Transit	Goods pass through a territory without unloading (same carrier/vessel).	China → Singapore (via shipping lane) → Rotterdam (same vessel).
Re-export	Goods are imported into a country, cleared, then later exported.	Importing goods into Hong Kong for storage, then re-exporting to the U.S.
Indirect Shipment	Goods routed through an intermediate country but still retain origin under FTA rules.	ASEAN-origin goods shipped via Hong Kong but retain ASEAN FTA benefits.
Transshipment	Goods unloaded/reloaded under customs control with no change in origin or local importation.	PRC goods unloaded in Singapore and transferred to another vessel for onward shipment.

1.4 What Work is Allowed in Transshipment

A key principle across all major customs regimes is that **transshipment does not allow any transformation or manufacturing**. Goods must remain in the same condition they were imported in.

Permitted Actions (Under Customs Supervision)

These are strictly limited to operations necessary to preserve the goods or facilitate onward shipment:

Permitted Actions	Purpose
Sorting and inspection	Verify contents without changing them.
Repackaging (minimal)	Replace damaged packaging or consolidate shipments.
Splitting/consolidation	Combine cargo for efficiency in onward movement.
Basic preservation	Ventilation, temperature control, or protective measures.
Marking for compliance	Limited to regulatory markings required by customs.

These actions **must not alter the HS classification, origin, or commercial value** of the goods.

Prohibited Actions

Any activity beyond the above is considered either an **import** or a violation of customs law:

Prohibited Actions	Reason
Manufacturing or assembly	Creates a new product; no longer a mere transshipment.
Processing or value-adding operations	Alters tariff classification or origin.
Relabeling origin markings to mislead	Constitutes origin fraud and duty evasion.
Substantial transformation	U.S. CBP test: results in a "new and different article."
Unauthorized removal from customs control	Considered unlawful diversion into commerce.



China Customs Law (Art. 6):

"Transit or transshipment goods shall not be opened, moved, replaced or otherwise altered without customs authorization."

CBP HQ Ruling H316862 (2021):

"Unloading, reloading, and repacking do not change origin; manufacturing or substantial transformation eliminates transshipment status."

Compliance Diagram

Below is a compliance snapshot for quick reference:

(Allowed vs Prohibited Actions: minimal handling permitted; transformation prohibited)

1.5 Common Legitimate Uses of Transshipment

Logistics optimization: Consolidating cargo in hub ports like Singapore or Hong Kong.

- **Mode change:** Sea-to-air transfers for urgent shipments.
- **Bonded storage:** Temporary storage in FTZs without duty liability.
- **Regional distribution:** Breaking bulk in a bonded facility to serve multiple destinations.

1.6 Compliance Risks in Transshipment

Transshipment is heavily scrutinized by customs authorities because it is often misused for:

- **Origin fraud** (e.g. PRC steel routed through Malaysia to evade Section 232 duties).
- **Duty evasion** in AD/CVD cases.
- **Sanctions circumvention** (routing restricted goods via third countries).
- **Forced labor evasion** under laws like the UFLPA in the U.S.

1.7 Case Example – U.S. Solar Panels

Scenario: PRC-origin solar panels shipped via Vietnam and Malaysia to the U.S.

- **CBP Finding:** Minimal assembly in Vietnam/Malaysia did not change origin.
- **Outcome:** Goods treated as PRC-origin, Section 201 duties applied.
- **Lesson:** Routing or minimal handling does not change origin; compliance depends on substantial transformation tests.

Key Takeaway:

In legitimate transshipment, goods stay in their original state under customs control. Any manufacturing or transformation converts the movement into an import or an origin violation. For consultants and lawyers, understanding this distinction is critical for advising clients on lawful routing and compliance risk management.

2. Legal Framework for Transshipment

2.1 Introduction

Transshipment is a central feature of modern supply chains. Whether goods are moved through Singapore for consolidation, routed through Hong Kong for speed, or diverted through free trade zones in ASEAN, the concept of transshipment raises complex legal questions.

At its core, transshipment involves the movement of goods through an intermediate customs territory before they reach the final destination. While the process appears simple, its legal implications touch upon **customs valuation, origin determination, preferential duty claims, and compliance with anti-evasion measures**.

Understanding the legal framework is therefore essential for consultants and trade lawyers advising clients on cross-border transactions.

2.2 WCO and WTO Principles

The **World Customs Organization (WCO)** and **World Trade Organization (WTO)** provide the foundational rules:

- **WCO Revised Kyoto Convention (RKC):** Defines transshipment as the movement of goods under customs control through one customs office to another without payment of duties and taxes.
- **WTO Agreement on Customs Valuation (ACV):** Although primarily concerned with valuation, it indirectly affects transshipment where value must remain unchanged through intermediate ports.
- **Key Principle:** Goods in transshipment **must remain in the same condition**. Only operations to preserve goods (e.g. ventilation of containers, replacing damaged packaging) are permitted.

2.3 ASEAN Legal Framework

ASEAN regulates transshipment primarily through:

ASEAN Trade in Goods Agreement (ATIGA):

- Non-manipulation requirement: Goods must remain under customs control while in transit through a third country.
- Certificate of Non-Manipulation (CNM): May be required to confirm compliance.
- Electronic systems (e.g. **ASEAN Customs Transit System – ACTS**) are increasingly used to monitor goods.

Free Trade Zones:

Operations in ASEAN FTZs are limited to logistics activities. Any processing, even minor, risks disqualifying goods from preferential treatment.



2.4 China's Transshipment Rules

China's Customs Law and implementing regulations provide:

- **Article 24 – Transit and Transshipment:** Goods must remain sealed under customs supervision.
- **Bonded Logistics Zones:** Similar to FTZs in ASEAN, limited operations such as repacking and labelling are allowed but manufacturing is strictly prohibited if preferential origin is to be preserved.
- **Certificates:** Chinese customs may issue official attestation letters (equivalent to CNM) upon request.

2.5 United States – Enforcement and Risk

The United States does not use the term "Certificate of Non-Manipulation" formally, but CBP's enforcement approach has effectively created this requirement:

- **FTA Claims (e.g. USMCA, KORUS):** CBP will require proof that goods have not been altered during transit through non-party countries.
- **Trade Enforcement (e.g. AD/CVD, Forced Labour):** CBP may request evidence from importers to confirm goods were not diverted or manipulated in transshipment hubs such as Malaysia or Singapore.
- **Proof Accepted:** Through bill of lading, customs attestation, or CNM from the intermediate port.
- Failure to provide such proof can lead to denial of preference, penalties, or even seizure.

2.6 Certificate of Non-Manipulation (CNM)

A CNM is an official document issued by the customs or port authority in the intermediate country confirming that:

- The goods remained under customs control.
- No manipulation or transformation occurred.
- Only minimal handling (e.g. unloading, reloading, preservation measures) was carried out.

Jurisdictional application:

ASEAN & RCEP: Explicitly recognised under rules of origin.

EU & UK: Required for goods transiting non-party countries.

U.S.: Used as best practice evidence in audits and origin verifications.

China: Issued upon request where third-country customs authorities require proof.

This certificate is critical in mitigating risk and preserving preferential origin status. It will be detailed, along with a practical template, in Chapter 3.

2.7 Key Compliance Risks

- Goods handled in free trade zones beyond permitted logistics activities.
- Missing CNM or through bill of lading.
- Divergence between shipping documentation and customs transit records.
- Lack of evidence for high-risk goods (e.g. steel, electronics, textiles) entering the U.S. or EU via ASEAN hubs.

3. Compliance Tools for Transshipment

3.1 Proof of Non-Manipulation

Customs authorities often require clear proof that goods in transshipment were not manipulated. Acceptable evidence includes:

- **Certificate of Non-Manipulation (CNM)** (preferred in ASEAN, RCEP, EU).
- **Through Bill of Lading** (may be sufficient for the U.S. if issued from origin to destination without interruption).
- **Port or Customs Attestation** (issued in bonded zones).
- **Electronic Transit Data** (e.g. ACTS or TradeNet reports).

3.2 Workflow for Obtaining a CNM

- **Plan routing early:** Ensure goods are moved under customs control.
- **Request CNM from port/customs authority:** Submit shipping documents and origin certificates.
- **Maintain seal integrity:** Customs may inspect or re-seal goods.
- **Obtain certificate:** Ensure it includes shipment details, confirmation of non-manipulation, and official stamp.
- **Retain in compliance file:** Link CNM with the origin certificate for audit defense.

3.3 Certificate of Non-Manipulation Template

This is a version generally accepted internationally. It should be on the letter head of either Chamber of Commerce / Bonded Warehouse Operator / Customs Authority in the Intermediate Country General International Trade Format.

CERTIFICATE OF NON-MANIPULATION

(For Goods in Transit Through an Intermediate Country)

Certificate No.: _____

Date of Issue: _____

Place of Issue: _____

1. Exporter in Country of Origin

Name: _____

Address: _____

Country of Origin: _____

2. Consignee / Importer in Final Destination

Name: _____

Address: _____

Country of Origin: _____

3. Goods Description

HS Code	Description of Goods	Marks & Numbers	Quantity	Net / Gross Weight	Invoice No. & Date
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4. Shipping & Transit Information

Port of Loading (Origin): _____
Port of Transshipment: _____
Country of Transshipment: _____

Port of Final Discharge: _____
Vessel / Voyage / Flight No.: _____
B/L or AWB No.: _____
Date of Export from Origin: _____
Date of Arrival / Departure at Transshipment Port: _____

5. Certification Statement

We hereby certify that the goods described above, produced in and exported from [Country of Origin], passed in transit through the territory of [Transshipment Country] en route to [Country of Final Destination].

The goods were not altered, substituted, repacked, or subjected to any operation other than those required to preserve them in good condition or to meet transport or safety requirements.

The goods remained under customs supervision and control throughout their stay in the territory of the transshipment country.

Therefore, the origin of the goods remains [Country of Origin].

6. Certification

Issuing Authority: _____

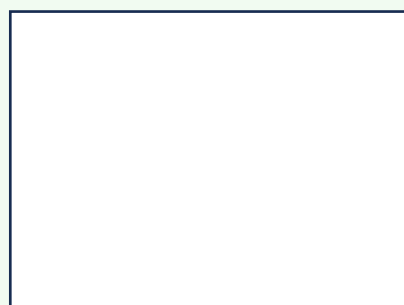
Authorized Official Name & Title: _____

Signature: _____

Name (Print): _____

Date: _____

Official Seal / Stamp:



This template can be adapted for use in any jurisdiction. In practice, the importer's customs broker or consultant should work closely with the freight forwarder to ensure this certificate is obtained before the goods depart the transshipment port.

Implementation Notes

Authority: In both cases, the certificate should be issued by the Chamber of Commerce or the bonded warehouse/custodian in the transit country, or by the local customs authority where available.

Supporting Documents: Always attach a copy of the original Certificate of Origin, commercial invoice, and transport documents.

Consistency: Ensure that all details (quantities, descriptions, invoice numbers, shipping marks) are consistent across all trade documents.

Electronic Submission: If CBP's ACE portal or other customs platforms are used, a PDF scan of the signed and stamped certificate is generally acceptable unless a hard-copy original is specifically requested.

3.4 Compliance Checklist

Step	Action	Responsible Party	Risk if Missing
1	Verify routing plan for intermediate ports	Trade consultant	Loss of preference
2	Ensure goods remain in customs control	Freight forwarder	Customs audit
3	Request CNM or through bill of lading	Importer/consultant	Duty re-assessment
4	Validate seals and documentation	Customs broker	Enforcement penalties
5	File CNM with import entry	Importer	Post-entry disputes

3.5 Transshipment Compliance Diagram



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