

NON-NEGOTIABLE SEA WAYBILL

A **Non-Negotiable Sea Waybill** is a transport document used for sea shipments, typically issued when voyage times are short. Unlike a Bill of Lading, the Non-Negotiable Sea Waybill is not a document of title. Therefore, the carrier does not require the original document to release the goods to the consignee at the port of discharge. A Non-Negotiable Sea Waybill may also be used when the agreed payment method is open account or advance payment; in these payment methods, the seller may send the consignment to the receiver of the goods without needing to exercise control over the goods. This document is issued by the carrier to the shipper once the goods have been loaded onto the vessel and serves two primary functions:

1. **Proof of Shipment:** It serves as evidence that the goods have been shipped, indicating the vessel name, voyage number, port of loading, port of discharge, and date of shipment. It also includes other details, such as a general description of the goods, packaging, shipping marks, quantity, measurements, etc.
2. **Contract of Carriage:** It contains the terms and conditions of the contract of carriage and serves as the contract of carriage between the merchant and the carrier, or may include a reference to another source containing terms and conditions of carriage (short form/Blank back transport document). Banks will not examine the content of the terms and conditions, and any reference to a charter party is not allowed.

Although the Bill of Lading and the Non-Negotiable Sea Waybill are not functionally identical, the provisions outlined in Articles 20 and 21 of UCP 600 are the same for both documents, including requirements for signatories and on-board notations. The explanatory guidelines in the ISBP are also consistent for both, except for the section related to the consignee.

A Non-Negotiable Sea Waybill must always be made out in the name of the consignee (i.e., a straight consignment). In letter of credit transactions, the issuing bank typically requires a Non-Negotiable Sea Waybill made out in its name, meaning the consignee is the issuing bank. As a result, the shipping company can deliver the goods to the actual receiver only upon presentation of a delivery order issued by the issuing bank. The delivery order may be issued by the issuing bank upon a written request from the applicant, along with authorisation to debit their account, regardless of any discrepancies in the documents. Once the delivery order is issued, the bank arranges for payment or acceptance without examining the documents.

When a credit requires a N/N Sea Waybill to evidence that goods are consigned to a named entity, it must not contain the expression "To order," even in the preprinted format.

Even if a letter of credit erroneously requires a Non-Negotiable Sea Waybill to be made out "To order of a named party," banks will accept the document without the "To order" wording, as this phrase has no legal effect on a Non-Negotiable document. Similarly, if the letter of credit requires the Non-Negotiable Sea Waybill to be made out "To order," banks will accept it if it is made out to either the issuing bank or the applicant.

Unless otherwise stated in the credit, all originals indicated on the Non-Negotiable Sea Waybill must be presented to the bank. Although it is not a document of title, Article 21 of UCP 600 requires the Non-Negotiable Sea Waybill to indicate the number of originals in line with industry practice. The preprinted text adjacent to number of originals field in a N/ N Sea Waybill clearly indicate that “goods are to be delivered to the named consignee without presentation of this way bill” or words of similar effect.

The carrier requires the submission of the complete set of original documents if the shipper seeks to request any modifications to the consignee, routing, or other shipment details. Once all original documents have been presented to the bank, the shipper is prohibited from making changes to the routing or consignee. This ensures that the issuing bank can verify that the delivery of goods complies with the requirements of the documentary credit.