

# Glossary of Shipping Terms

## **Acceptance**

- A time draft (or bill of exchange) that the drawee (payer) has accepted and is unconditionally obligated to pay at maturity.
- Broadly speaking, any agreement to purchase goods under specified terms.

## **Advance**

To move cargo up line to a vessel leaving sooner than the one booked. (See "Roll.")

## **Advanced Charge**

Transportation charge advanced by one carrier to another to be collected by the later carrier from the consignor or consignee.

## **Advice of Shipment**

A notice sent to a local or foreign buyer advising that shipment has gone forward and containing details of packing, routing, etc. A copy of the invoice is often enclosed and, if desired, a copy of the bill of lading.

## **Advising Bank**

A bank operating in the seller's country, that handles letters of credit in behalf of a foreign bank.

## **Air Waybill**

The forwarding agreement or carrying agreement between shipper and air carrier and is issued only in nonnegotiable form.

**All In**

The total price to move cargo from origin to destination, inclusive of all charges.

**AMS**

The U.S. Customs' "Automated Manifest System."

**Arbitrary**

A stated amount over a fixed rate to one point to make a rate to another point.

**Arrival Notice**

A notification by carrier of ship's arrival to the consignee, the "Notify Party," and - when applicable - the "Also Notify Party." These parties in interest are listed in blocks 3, 4 and 10, respectively, of the Bill of Lading.

**Assignment**

A term commonly used in connection with a bill of lading. It involves the transfer of rights, title and interest in order to assign goods by endorsing the bill of lading.

## **B/L**

Abbreviation for "Bill of Lading."

## **BAF**

Abbreviation for "Bunker Adjustment Factor." Used to compensate steamship lines for fluctuating fuel costs. Sometimes called "Fuel Adjustment Factor" or FAF.

## **Bank Guarantee**

Guarantee issued by a bank to a carrier to be used in lieu of lost or misplaced original negotiable bill of lading.

## **Barrel (BBL)**

A term of measure referring to 42 gallons of liquid at 60o F.

## **Base Rate**

A tariff term referring to ocean rate less accessorial charges, or simply the base tariff rate.

## **Beneficiary**

- Entity to whom money is payable.
- The entity for whom a letter of credit is issued.
- The seller and the drawer of a draft.

## **Bilateral**

A contract term meaning both parties agree to provide something for the other.

## **Bill of Exchange**

In the United States, commonly known as a "Draft." However, bill of exchange is the correct term.

## Bill of Lading (B/L)

A document that establishes the terms of a contract between a shipper and a transportation company. It serves as a document of title, a contract of carriage and a receipt for goods.

- **Amended B/L:** B/L requiring updates that do not change financial status; this is slightly different from corrected B/L.
- **B/L Terms & Conditions:** the fine print on B/L; defines what the carrier can and cannot do, including the carrier's liabilities and contractual agreements.
- **B/L's Status:** represents whether the bill of lading has been input, rated, reconciled, printed, or released to the customer.
- **B/L's Type:** refers to the type of B/L being issued. Some examples are: a Memo (ME), Original (OBL), Non◀ negotiable, Corrected (CBL) or Amended (AM) B/L.
- **Canceled B/L:** B/L status; used to cancel a processed B/L; usually per shipper's request; different from voided B/L.
- **Clean B/L:** A B/L which bears no superimposed clause or notation which declares a defective condition of the goods and/or the packaging.
- **Combined B/L:** B/L that covers cargo moving over various transports.
- **Consolidated B/L:** B/L combined or consolidated from two or more B/L's.
- **Corrected B/L:** B/L requiring any update which results in money ◀ or other financially related changes.
- **Domestic B/L:** Non-negotiable B/L primarily containing routing details; usually used by truckers and freight forwarders.
- **Duplicate B/L:** Another original Bill of Lading set if first set is lost. also known as reissued B/L.
- **Express B/L:** Non-negotiable B/L where there are no hard copies of originals printed.
- **Freight B/L:** A contract of carriage between a shipper and forwarder (who is usually a NVOCC); a non-negotiable document.

- **House B/L:** B/L issued by a freight forwarder or consolidator covering a single shipment containing the names, addresses and specific description of the goods shipped.
- **Intermodal B/L:** B/L covering cargo moving via multimodal means. Also known as Combined Transport B/L, or Multimodal B/L.
- **Long Form B/L:** B/L form with all Terms & Conditions written on it. Most B/L's are short form which incorporate the long form clauses by reference.
- **Memo B/L:** Unfreighted B/L with no charges listed.
- **B/L Numbers:** U.S. Customs' standardized B/L numbering format to facilitate electronic communications and to make each B/L number unique.
- **Negotiable B/L:** The B/L is a title document to the goods, issued "to the order of" a party, usually the shipper, whose endorsement is required to effect is negotiation. Thus, a shipper's order (negotiable) B/L can be bought, sold, or traded while goods are in transit and is commonly used for letter-of-credit transactions. The buyer must submit the original B/L to the carrier in order to take possession of the goods.
- **Non-Negotiable B/L:** See Straight B/L. Sometimes means a file copy of a B/L.
- **"Onboard" B/L:** B/L validated at the time of loading to transport. Onboard Air, Boxcar, Container, Rail, Truck and Vessel are the most common types.
- **"Order" B/L:** See Negotiable B/L.
- **Original B/L:** The part of the B/L set that has value, especially when negotiable; rest of set are only informational file copies. Abbreviated as OBL.
- **Received for Shipment B/L:** Validated at time cargo is received by ocean carrier to commence movement but before being validated as "Onboard".
- **Reconciled B/L:** B/L set which has completed a prescribed number of edits between the shippers instructions and the actual shipment received. This produces a very accurate B/L.
- **Short Term B/L:** Opposite of Long Form B/L, a B/L without the Terms & Conditions written on it. Also known as a Short Form B/L. The terms are incorporated by reference to the long form B/L.

- **Split B/L:** One of two or more B/L's which have been split from a single B/L.
- **Stale B/L:** A late B/L; in banking, a B/L which has passed the time deadline of the L/C and is void.
- **Straight (Consignment) B/L:** Indicates the shipper will deliver the goods to the consignee. It does not convey title (non-negotiable). Most often used when the goods have been pre-paid.

### **Bill of Lading Port of Discharge**

Port where cargo is discharged from means of transport.

### **Bonded Warehouse**

A warehouse authorized by Customs authorities for storage of goods on which payment of duties is deferred until the goods are removed.

### **Booking**

Arrangements with a carrier for the acceptance and carriage of freight; i.e., a space reservation.

### **Booking Number**

Reservation number used to secure equipment and act as a control number prior to completion of a B/L.

### **Broker**

A person who arranges for transportation of loads for a percentage of the revenue from the load.

### **Bunker Charge**

An extra charge sometimes added to steamship freight rates; justified by higher fuel costs. (Also known as Fuel Adjustment Factor or FAF.)

### **Bunkers**

A Maritime term referring to Fuel used aboard the ship. Coal stowage areas aboard a vessel in the past were in bins or bunkers.

## **C&F Terms of Sale, or INCOTERMS.**

Obsolete, albeit heavily used, term of sale meaning "cargo and freight" whereby Seller pays for cost of goods and freight charges up to destination port. In July, 1990 the International Chamber of Commerce replaced C&F with CFR.

## **CAF**

Abbreviation for "Currency Adjustment Factor." A charge, expressed as a percentage of a base rate, that is applied to compensate ocean carriers of currency fluctuations.

## **Cargo**

Freight loaded into a ship.

## **Cargo Manifest**

A manifest that lists all cargo carried on a specific vessel voyage.

## **Cargo NOS**

Cargo Not Otherwise Specified. Usually the rate entry in a tariff that can apply to commodities not covered under a specific item or sub◀ item in the applicable tariff.

## **Cargo Preference**

Cargo reserved by a Nation's laws for transportation only on vessels registered in that Nation. Typically the cargo is moving due to a direct or indirect support or activity of the Government.

## **Cargo Tonnage**

Most ocean freight is billed on the basis of weight or measurement tons (W/M). Weight tons can be expressed in short tons of 2000 pounds, long tons of 2240 pounds or metric tons of 1000 kilos (2204.62 pounds). Measurement tons are usually expressed as cargo measurement of 40 cubic feet (1.12 meters) or cubic meters (35.3 cubic feet.)

## **Carrier**

Any person or entity who, in a contract of carriage, undertakes to perform or to procure the performance of carriage by rail, road, sea, air, inland waterway or by a combination of such modes.

## **Carrier's Certificate**

A certificate required by U.S. Customs to release cargo properly to the correct party.

## **Cash Against Documents (CAD)**

Method of payment for goods in which documents transferring title are given the buyer upon payment of cash to an intermediary acting for the seller, usually a commission house.

## **Cash in Advance (CIA)**

A method of payment for goods in which the buyer pays the seller in advance of the shipment of goods. Usually employed when the goods, such as specialized machinery, are built to order.

## **Cash With Order (CWO)**

A method of payment for goods in which cash is paid at the time of order and the transaction becomes binding on both buyer and seller.

## **CBM (CM)**

Abbreviation for "Cubic Meter."

## **CE**

Abbreviation for "Consumption Entry." The process of declaring the importation of foreign-made goods for use in the United States.



## **Certificate**

- A document certifying that merchandise (such as of Inspection perishable goods) was in good condition immediately prior to its shipment.
- The document issued by the U.S. Coast Guard certifying an American flag vessel's compliance with applicable laws and regulations.

## **Certificate of Origin**

A certified document showing the origin of goods; used in international commerce.

## **CFS**

Abbreviation for "Container Freight Station." A shipping dock where cargo is loaded ("stuffed") into or unloaded ("stripped") from containers. Generally, this involves less than containerload shipments, although small shipments destined to same consignee are often consolidated. Container reloading from/to rail or motor carrier equipment is a typical activity.

## **Charter Party**

A written contract between the owner of a vessel and the person desiring to employ the vessel (charterer); sets forth the terms of the arrangement such as duration of agreement, freight rate and ports involved in the trip.

## **CI**

Abbreviation for "Cost and Insurance." A price that includes the cost of the goods, the marine insurance and all transportation charges except the ocean freight to the named point of destination.

## **CIF**

**Abbreviation for "Cost, Insurance, Freight." (Named Port) Same as C&F or CFR except seller also provides insurance to named destination.**

## **CIF&C**

Price includes commission as well as CIF.

**CIF&E**

Abbreviation for "Cost, Insurance, Freight And Exchange."

**CIFI&E**

Cost, Insurance, Freight, Interest and Exchange.

**CKD**

Abbreviation for "Completely Knocked Down." Parts and subassemblies being transported to an assembly plant.

**CL**

Abbreviation for "Carload" and "Containerload".

**Claim**

A demand made upon a transportation line for payment on account of a loss sustained through its alleged negligence.

**Classification**

A publication, such as Uniform Freight Classification (railroad) or the National Motor Freight Classification (motor carrier), that assigns ratings to various articles and provides bill of lading descriptions and rules.

**Classification Rating**

The designation provided in a classification by which a class rate is determined.

**Classification Yard**

A railroad yard with many tracks used for assembling freight trains.

## **Clayton Act**

An anti-trust act of the U.S. Congress making price discrimination unlawful.

## **Clean Bill of Lading**

A receipt for goods issued by a carrier with an indication that the goods were received in "apparent good order and condition," without damage or other irregularities. If no notation or exception is made, the B/L is assumed to be "cleaned."

## **Cleaning in Transit**

The stopping of articles, such as peanuts, etc., for cleaning at a point between the point of origin and destination.

## **Clearance**

The size beyond which cars or loads cannot use limited bridges, tunnels, etc.

## **Cleat**

A strip of wood or metal used to afford additional strength, to prevent warping, or to hold in place.

## **Clip-On**

Refrigeration equipment attachable to an insulated container that does not have its own refrigeration unit.

## **CM**

Abbreviation for "Cubic Meter" (capital letters).

## **cm**

Abbreviation for "centimeter."

## **Coastwise**

Water transportation along the coast.

## **COD**

Abbreviation for:

- Collect (cash) on Delivery.
- Carried on Docket (pricing).

## **COFC**

Abbreviation for the Railway Service "Container On Flat Car."

## **COGSA**

Carriage of Goods by Sea Act. U.S. federal codification passed in 1936 which standardizes carrier's liability under carrier's bill of lading. U.S. enactment of The Hague Rules.

## **Collecting**

A bank that acts as an agent to the seller's bank (the presenting bank). The collecting bank assumes no responsibility for either the documents or the merchandise.

## **Collection**

A draft drawn on the buyer, usually accompanied by documents, with complete instructions concerning processing for payment or acceptance.

## **Combination Export Mgr.**

A firm that acts as an export sales agent for more than one noncompeting manufacturer.

## **Combination Rate**

A rate made up of two or more factors, separately published.

## **Commercial Invoice**

Represents a complete record of the transaction between exporter and importer with regard to the goods sold. Also reports the content of the shipment and serves as the basis for all other documents about the shipment.

## **Commodity**

Article shipped. For dangerous and hazardous cargo, the correct commodity identification is critical.

## **Concealed Damage**

Damage that is not evident from viewing the unopened package.

## **Conference**

An association of ship owners operating in the same trade route who operate under collective conditions and agree on tariff rates.

## **Confirmed Letter of Credit**

A letter of credit, issued by a foreign bank, whose validity has been confirmed by a domestic bank. An exporter with a confirmed letter of credit is assured of payment even if the foreign buyer or the foreign bank defaults.

## **Confirming Bank**

The bank that adds its confirmation to another bank's (the issuing bank's) letter of credit and promises to pay the beneficiary upon presentation of documents specified in the letter of credit.

## **Consignee**

A person or company to whom commodities are shipped.

## **Consignee Mark**

A symbol placed on packages for identification purposes; generally a triangle, square, circle, etc. with letters and/or numbers and port of discharge.

## **Consignment**

- (1) A stock of merchandise advanced to a dealer and located at his place of business, but with title remaining in the source of supply.
- (2) A shipment of goods to a consignee.

## **Consignor**

A person or company shown on the bill of lading as the shipper.

## **Consolidation**

Cargo containing shipments of two or more shippers or suppliers. Containerload shipments may be consolidated for one or more consignees.

## **Consolidator**

A person or firm performing a consolidation service for others. The consolidator takes advantage of lower full carload (FCL) rates, and savings are passed on to shippers.

## **Consular Declaration**

A formal statement describing goods to be shipped; filed with and approved by the consul of the country of destination prior to shipment.

## **Consular Invoice**

A document, certified by a consular official, is required by some countries to describe a shipment. Used by Customs of the foreign country, to verify the value, quantity and nature of the cargo.

## **Consular Visa**

An official signature or seal affixed to certain documents by the consul of the country of destination.

## **Consumption Entry (CE)**

The process of declaring the importation of foreign-made goods into the United States for use in the United States.

## **Container**

A truck trailer body that can be detached from the chassis for loading into a vessel, a rail car or stacked in a container depot. Containers may be ventilated, insulated, refrigerated, flat rack, vehicle rack, open top, bulk liquid or equipped with interior devices. A container may be 20 feet, 40 feet, 45 feet, 48 feet or 53 feet in length, 8'0" or 8'6" in width, and 8'6" or 9'6" in height.

## **Container Booking**

Arrangements with a steamship line to transport containerized cargo.

## **Container Freight Station**

See CFS.

## **Container Manifest**

Document showing contents and loading sequence of a container.

## **Container Terminal**

An area designated for the stowage of cargoes in container; usually accessible by truck, railroad and marine transportation. Here containers are picked up, dropped off, maintained and housed.

### **Container Yard (CY)**

A materials handling/storage facility used for completely unitized loads in containers and/or empty containers. Commonly referred to as CY.

## **Containerizable Cargo**

Cargo that will fit into a container and result in an economical shipment.

**Containerization**

Stowage of general or special cargoes in a container for transport in the various modes.

**Container Load**

A load sufficient in size to fill a container either by cubic measurement or by weight.

**Contraband**

Cargo that is prohibited.

**Contract**

A legally binding agreement between two or more persons/organizations to carry out reciprocal obligations or value.

**Contract Carrier**

Any person not a common carrier who, under special and individual contracts or agreements, transports passengers or property for compensation.

**Controlled Atmosphere**

Sophisticated, computer◀ controlled systems that manage the mixtures of gases within a container throughout an intermodal journey reducing decay.

**Correspondent Bank**

A bank that, in its own country, handles the business of a foreign bank.

**Cost, Insurance and Freight (CIF)**

Cost of goods, marine insurance and all transportation (freight) charges are paid to the foreign point of delivery by the seller.



## **Countervailing Duty**

An additional duty imposed to offset export grants, bounties or subsidies paid to foreign suppliers in certain countries by the government of that country for the purpose of promoting export.

## **Cross Member**

Transverse members fitted to the bottom side rails of a container, which support the floor.

## **Cu.**

An abbreviation for "Cubic." A unit of volume measurement.

## **Cube Out**

When a container or vessel has reached its volumetric capacity before its permitted weight limit.

## **Cubic Foot**

1,728 cubic inches. A volume contained in a space measuring one foot high, one foot wide and one foot long.

## **Customhouse**

A government office where duties are paid, import documents filed, etc., on foreign shipments.

## **Customhouse Broker**

A person or firm, licensed by the treasury department of their country when required, engaged in entering and clearing goods through Customs for a client (importer).

## **Customs**

Government agency charged with enforcing the rules passed to protect the country's import and export revenues.

## **Customs Bonded Warehouse**

A warehouse authorized by Customs to receive duty-free merchandise.

## **Customs Entry**

All countries require that the importer make a declaration on incoming foreign goods. The importer then normally pays a duty on the imported merchandise. The importer's statement is compared against the carrier's vessel manifest to ensure that all foreign goods are properly declared.

## **Customs Invoice**

A form requiring all data in a commercial invoice along with a certificate of value and/or a certificate of origin. Required in a few countries (usually former British territories) and usually serves as a seller's commercial invoice.

## **Customs of the Port**

A phrase often included in charter parties and freight contracts referring to local rules and practices which may impact upon the costs borne by the various parties.

## **Cut-Off Time**

The latest time cargo may be delivered to a terminal for loading to a scheduled train or ship.

## **Cwt.**

Hundred weight (United States, 100 pounds: U.K., 112)

## **CY**

- Abbreviation for Container Yard.
- The designation for full container receipt/delivery.

**D&H**

Abbreviation for "Dangerous and Hazardous" cargo.

**D.B.A.**

Abbreviation for "Doing Business As." A legal term for conducting business under a registered name.

**DDC**

Abbreviation for "Destination Delivery Charge." A charge, based on container size, that is applied in many tariffs to cargo. This charge is considered accessorial and is added to the base ocean freight. This charge covers crane lifts off the vessel, drayage of the container within the terminal and gate fees at the terminal operation.

**Deficit Weight**

The weight by which a shipment is less than the minimum weight.

**Delivery Instructions**

Order to pick up goods at a named place and deliver them to a pier. Usually issued by exporter to trucker but may apply to a railroad, which completes delivery by land. Use is limited to a few major U.S. ports. Also known as shipping delivery order.

**DEMDES**

Demurrage/Despatch money. (Under vessel chartering terms, the amount to be paid if the ship is loading/discharging slower/faster than foreseen.)

**Demurrage**

A penalty charge against shippers or consignees for delaying the carrier's equipment beyond the allowed free time. The free time and demurrage charges are set forth in the charter party or freight tariff.

- See also Detention and Per Diem.

**Density**

The weight of cargo per cubic foot or other unit.

**Depot, Container**

Container freight station or a designated area where empty containers can be picked up or dropped off.

**Despatch**

An incentive payment paid to a carrier to loading and unloading the cargo faster than agreed. Usually negotiated only in charter parties.

**Destination**

- The place to which a shipment is consigned.
- The place where carrier actually turns over cargo to consignee or his agent.

**Destination Control Statements**

Various statements that the U.S. government requires to be displayed on export shipments. The statements specify the authorized destinations.

**Detention**

A penalty charge against shippers or consignees for delaying carrier's equipment beyond allowed time. Demurrage applies to cargo; detention applies to equipment. See Per Diem.

**Differential**

An amount added or deducted from base rate to make a rate to or from some other point or via another route.

**Discrepancy Letter of Credit**

When documents presented do not conform to the requirements of the letter of credit (L/C), it is referred to as a "discrepancy." Banks will not process L/C's which have discrepancies. They will refer the situation back to the buyer and/or seller and await further instructions.

## **Displacement**

The weight, in tons of 2,240 pounds, of the vessel and its contents. Calculated by dividing the volume of water displaced in cubic feet by 35, the average density of sea water.

## **Diversion**

A change made either in the route of a shipment in transit (see Reconsignment) or of the entire ship.

## **Division**

Carriers' practice of dividing revenue received from through rates where joint hauls are involved. This is usually according to agreed formulae.

## **Dock**

- For ships, a cargo handling area parallel to the shoreline where a vessel normally ties up.
- For land transportation, a loading or unloading platform at an industrial location or carrier terminal.

## **Dock Receipt**

A form used to acknowledge receipt of cargo and often serves as basis for preparation of the ocean bill of lading.

## **Documents Against Acceptance (D/A)**

Instructions given by a shipper to a bank indicating that documents transferring title to goods should be delivered to the buyer only upon the buyer's acceptance of the attached draft.

## **Documents Against Payment (D/P)**

An indication on a draft that the documents attached are to be released to the drawee only on payment.

**Door-to-Door**

Through transportation of a container and its contents from consignor to consignee. Also known as House to House. Not necessarily a through rate.

**D.O.T.**

Department of Transportation.

**Draft**

- The number of feet that the hull of a ship is beneath the surface of the water.
- An unconditional order in writing, addressed by one party (drawer) to another party (drawee), requiring the drawee to pay at a fixed or determinable future date a specified sum in lawful currency to the order of a specified person.

**Draft, Bank**

An order issued by a seller against a purchaser; directs payment, usually through an intermediary bank. Typical bank drafts are negotiable instruments and are similar in many ways to checks on checking accounts in a bank.

**Draft, Clean**

A draft to which no documents are attached.

**Draft, Date**

A draft that matures on a fixed date, regardless of the time of acceptance.

**Draft, Discounted**

A time draft under a letter of credit that has been accepted and purchased by a bank at a discount.

**Draft, Sight**

A draft payable on demand upon presentation.

**Draft, Time**

A draft that matures at a fixed or determinable time after presentation or acceptance.

**Drawback**

A partial refund of an import fee. Refund usually results because goods are re-exported from the country that collected the fee.

**Drawee**

The individual or firm that issues a draft and thus stands to receive payment.

**Drayage**

Charge made for local hauling by dray or truck. Same as Cartage.

**DRFS**

Abbreviation for "Destination Rail Freight Station." Same as CFS at destination, except a DRFS is operated by the rail carrier participating in the shipment.

**DSU**

Delay in Startup Insurance is a policy to protect the seller of a construction project from penalties if the project is not completed on time. See "Liquidated Damages."

**Dry Cargo**

Cargo that is not liquid and normally does not require temperature control.

**Dry-Bulk Container**

A container constructed to carry grain, powder and other free-flowing solids in bulk. Used in conjunction with a tilt chassis or platform.

**Dumping**

Attempting to import merchandise into a country at a price less than the fair market value, usually through subsidy by exporting country.

**E.C.M.C.A.**

Eastern Central Motor Carriers Association.

**Edge Protector**

An angle piece fitted over the edge of boxes, crates, bundles and other packages to prevent the pressure from metal bands or other types from cutting into the package.

**EDI**

Abbreviation for "Electronic Data Interface." Generic term for transmission of transactional data between computer systems. EDI is typically via a batched transmission, usually conforming to consistent standards.

**EDIFACT**

International data interchange standards sponsored by the United Nations. See UN/EDIFACT.

**Embargo**

Order to restrict the hauling of freight.

**Eminent Domain**

The sovereign power to take property for a necessary public use, with reasonable compensation.

**Empty Repo**

Contraction for Empty Repositioning. The movement of empty containers.



## **Endorsement**

A legal signature usually placed on the reverse of a draft; signifies transfer of rights from the holder to another party.

## **Equipment Interchange Receipt (EIR)**

A document transferring a container from one carrier to another, or to/from a terminal.

## **ETA**

- Estimated Time of Availability. That time when a tractor/partner carrier is available for dispatch.
- Estimated time of arrival.

## **E.W.I.B.**

Eastern Weighing and Inspection Bureau.

## **"Ex Dec"**

Contraction for "Shipper's Export Declaration."

## **Ex - "From"**

When used in pricing terms such as "Ex Factory" or "Ex Dock," it signifies that the price quoted applies only at the point of origin indicated.

## **Exception**

Notations made when the cargo is received at the carrier's terminal or loaded aboard a vessel. They show any irregularities in packaging or actual or suspected damage to the cargo. Exceptions are then noted on the bill of lading.

**EXIM Bank**

Abbreviation for Export-Import Bank of the United States. An independent U.S. Government Agency which facilitates exports of U.S. goods by providing loan guarantees and insurance for repayment of bank-provided export credit.

**Expiry Date**

Issued in connection with documents such as letters of credit, tariffs etc. to advise that stated provisions will expire at a certain time.

**Export**

Shipment of goods to a foreign country.

**Export Declaration**

A government document declaring designated goods to be shipped out of the country. To be completed by the exporter and filed with the U.S. Government.

**Export License**

A government document which permits the "Licensee" to engage in the export of designated goods to certain destinations.

**Export Rate**

A rate published on traffic moving from an interior point to a port for transshipment to a foreign country.

**FAK**

Abbreviation for "Freight All Kinds." Usually refers to full container loads of mixed shipments.

**False Billing**

Misrepresenting freight or weight on shipping documents.

**FAS**

Abbreviation for "Free Alongside Ship."

**FCL**

Abbreviation for "Full Container Load."

**FD**

Abbreviation for "Free Discharge."

**F.D.A.**

Food and Drug Administration.

**Feeder Service**

Cargo to/from regional ports are transferred to/from a central hub port for a long-haul ocean voyage.

**Feeder Vessel**

A short-sea vessel which transfers cargo between a central "hub" port and smaller "spoke" ports.

**FEU**

Abbreviation for "Forty-Foot Equivalent Units." Refers to container size standard of forty feet. Two twenty-foot containers or TEU's equal one FEU.

**Fixed Costs**

Costs that do not vary with the level of activity. Some fixed costs continue even if no cargo is carried. Terminal leases, rent and property taxes are fixed costs.

## **Flat Rack/Flat Bed Container**

A container with no sides and frame members at the front and rear. Container can be loaded from the sides and top.

## **FMC (F.M.C.)**

Federal Maritime Commission. The U.S. Governmental regulatory body responsible for administering maritime affairs including the tariff system, Freight Forwarder Licensing, enforcing the conditions of the Shipping Act and approving conference or other carrier agreements.

## **FOB**

See Free On Board. See also Terms of Sale, FOB.

## **FOR**

Abbreviation for "Free on Rail."

## **Force Majeure**

The title of a common clause in contracts, exempting the parties for non-fulfillment of their obligations as a result of conditions beyond their control, such as earthquakes, floods or war.

## **Foreign Sales Corporation**

Under U.S. tax law, a corporation created to obtain tax exemption on part of the earnings of U.S. products in foreign markets. Must be set-up as a foreign corporation with an office outside the USA.

## **Foreign Trade Zone**

A free port in a country divorced from Customs authority but under government control. Merchandise, except that which is prohibited, may be stored in the zone without being subject to import duty regulations.

**Fork Lift**

A machine used to pick up and move goods loaded on pallets or skids.

**Foul Bill of Lading**

A receipt for goods issued by a carrier with an indication that the goods were damaged when received. Compare Clean Bill of Lading.

**Four-Way Pallet**

A pallet designed so that the forks of a fork lift truck can be inserted from all four sides. See Fork lift.

**Forwarder Compensation**

See Brokerage.

**Free Alongside (FAS)**

The seller must deliver the goods to a pier and place them within reach of the ship's loading equipment. See Terms of Sale.

**Free Astray**

An astray shipment (a lost shipment that is found) sent to its proper destination without additional charge.

**Free In and Out (FIO)**

Cost of loading and unloading a vessel is borne by the charterer/shipper.

**Free of Particular Average (FPA)**

A marine insurance term meaning that the assurer will not allow payment for partial loss or damage to cargo shipments except in certain circumstances, such as stranding, sinking, collision or fire.

## **Free on Board (FOB - U.S. Domestic Use)**

Shipped under a rate that includes costs of delivery to and the loading onto a carrier at a specified point.

- **FOB Freight Allowed:** The same as FOB named inland carrier, except the buyer pays the transportation charge and the seller reduces the invoice by a like amount.
- **FOB Freight Prepaid:** The same as FOB named inland carrier, except the seller pays the freight charges of the inland carrier.
- **FOB Named Point of Exportation:** Seller is responsible for the cost of placing the goods at a named point of exportation. Some European buyers use this form when they actually mean FOB vessel.
- **FOB Vessel:** Seller is responsible for goods and preparation of export documentation until actually placed aboard the vessel.

## **Free on Board (Int'l Use)**

See Terms of Sale.

## **Free Out (FO)**

Cost of unloading a vessel is borne by the charterer.

## **Free Port**

A restricted area at a seaport for the handling of duty-exempted import goods. Also called a Foreign Trade Zone.

## **Free Sale Certificate**

The U.S. government does not issue certificates of free sale. However, the Food and Drug Administration, Silver Spring, Maryland, will issue, upon request, a letter of comment to the U.S. manufacturers whose products are subject to the Federal Food, Drug and Cosmetic Act or other acts administered by the agency. The letter can take the place of the certificate.

**Free Time**

That amount of time that a carrier's equipment may be used without incurring additional charges. (See Storage, Demurrage or Per Diem.)

**Free Trade Zone**

A port designated by the government of a country for duty-free entry of any non-prohibited goods. Merchandise may be stored, displayed, used for manufacturing, etc., within the zone and re-exported without duties.

**Freight**

Refers to either the cargo carried or the charges assessed for carriage of the cargo.

**Freight Bill**

A document issued by the carrier based on the bill of lading and other information; used to account for a shipment operationally, statistically, and financially. An Invoice.

**Freight Forwarder**

A person whose business is to act as an agent on behalf of the shipper. A freight forwarder frequently makes the booking reservation.

## **Gateway**

Industry-related: A point at which freight moving from one territory to another is interchanged between transportation lines.

## **GATT**

Abbreviation for "General Agreement on Tariffs and Trade." A multilateral treaty to help reduce trade barriers between the signatory countries and to promote trade through tariff concessions. The World Trade Organization (WTO) superseded GATT in 1994.

## **GBL**

Abbreviation for "Government Bill of Lading."

## **GDSM**

Abbreviation for "General Department Store Merchandise." A classification of commodities that includes goods generally shipped by mass-merchandise companies. This commodity structure occurs only in service contracts.

## **General Order (G.O.)**

When U.S. Customs orders shipments without entries to be kept in their custody in a bonded warehouse.

## **Go-Down**

In the Far East, a warehouse where goods are stored and delivered.

## **GRI**

Abbreviation for "General Rate Increase." Used to describe an across-the-board tariff rate increase implemented by conference members and applied to base rates.



## **Gross Tonnage (GT)**

Applies to vessels, not to cargo,  $(0.2 + 0.02 \log_{10} V)$  where V is the volume in cubic meters of all enclosed spaces on the vessel.

## **Gross Weight**

Entire weight of goods, packaging and freight car or container, ready for shipment. Generally, 80,000 pounds maximum container, cargo and tractor for highway transport.

## **Groupage**

A consolidation service, putting small shipments into containers for shipment.

## **GVW**

Abbreviation for "Gross Vehicle Weight." The combined total weight of a vehicle and its container, inclusive of prime mover.

## **Hague Rules, The**

A multilateral maritime treaty adopted in 1921 (at The Hague, Netherlands). Standardizes liability of an international carrier under the Ocean B/L. Establishes a legal "floor" for B/L. See COGSA

## **Harbor Master**

An officer who attends to the berthing, etc., of ships in a harbor.

## **Harmonized System of Codes (HS)**

An international goods classification system for describing cargo in international trade under a single commodity-coding scheme. Developed under the auspices of the Customs Cooperations Council (CCC), an international Customs organization in Brussels, this code is a hierarchically structured product nomenclature containing approximately 5,000 headings and subheadings. It is organized into 99 chapters arranged in 22 sections. Sections encompass an industry (e.g., Section XI, Textiles and Textile Articles); chapters encompass the various materials and products of the industry (e.g., Chapter 50, Silk; Chapter 55, Manmade Staple Fibers; Chapter 57, Carpets). The basic code contains four-digit headings and six-digit subheadings. Many countries add digits for Customs tariff and statistical purposes. In the United States, duty rates will be the eight-digit level; statistical suffixes will be at the ten-digit level. The Harmonized System (HS) is the current U.S. tariff schedule (TSUSA) for imports and is the basis for the ten-digit Schedule B export code.

## **HAZ MAT**

An industry abbreviation for "Hazardous Material."

## **Heavy-Lift Charge**

A charge made for lifting articles too heavy to be lifted by a ship's normal tackle.

## **High-Density Compression**

Compression of a flat or standard bale of cotton to approximately 32 pounds per cubic foot. Usually applies to cotton exported or shipped coastwise.

## **Hitchment**

The marrying of two or more portions of one shipment that originate at different locations, moving under one bill of lading, from one shipper to one consignee. Authority for this service must be granted by tariff publication. See Bill of Lading.

## **House-to-Pier**

Cargo loaded into a container by the shipper under shipper's supervision. When the cargo is exported, it is unloaded at the foreign pier destination.

## **I/A**

Abbreviation for "Independent Action." The right of a conference member to publish a rate of tariff rule that departs from the Agreement's common rate or rule.

## **ICC**

Abbreviation for (1) "Interstate Commerce Commission," (2) "International Chamber of Commerce."

## **IE**

Stands for "Immediate Exit." In the U.S., Customs IE Form is used when goods are brought into the U.S. and are to be immediately re-exported without being transported within the U.S.

## **I.M.C.O.**

International Maritime Consultative Organization. A forum in which most major maritime nations participate and through which recommendations for the carriage of dangerous goods, bulk commodities, and maritime regulations become internationally acceptable.

## **I.M.D.G. Code**

International Maritime Dangerous Goods Code. The regulations published by the IMO for transporting hazardous materials internationally.

## **Immediate Exportation**

An entry that allows foreign merchandise arriving at one port to be exported from the same port without the payment of duty.

## **In-Transit Entry (I.T.)**

Allows foreign merchandise arriving at one port to be transported in bond to another port, where a superseding entry is filed.

## **Import**

To receive goods from a foreign country.

## **Import License**

A document required and issued by some national governments authorizing the importation of goods.

## **In Bond**

Cargo moving under Customs control where duty has not yet been paid.

## **In Gate**

The transaction or interchange that occurs at the time a container is received by a rail terminal or water port from another carrier.

## **In Transit**

In transit, or in passage.

## **Incentive Rate**

A lower-than-usual tariff rate assessed because a shipper offers a greater volume than specified in the tariff. The incentive rate is assessed for that portion exceeding the normal volume.

## **INCOTERMS**

The recognized abbreviation for the International Chamber of Commerce Terms of Sale. These terms were last amended, effective July 1, 1990.

## **Indemnity Bond**

An agreement to hold a carrier harmless with regard to a liability.

## **Independent Action**

Setting rate within a conference tariff that is different from the rate(s) for the same items established by other conference members.

## **Independent Tariff**

Any body of rate tariffs that are not part of an agreement or conference system.

## **Inherent Vice**

An insurance term referring to any defect or other characteristic of a product that could result in damage to the product without external cause (for example, instability in a chemical that could cause it to explode spontaneously). Insurance policies may exclude inherent vice losses.

## **Inland Carrier**

A transportation line that hauls export or import traffic between ports and inland points.

## **Inspection Certificate**

A certificate issued by an independent agent or firm attesting to the quality and/or quantity of the merchandise being shipped. Such a certificate is usually required in a letter of credit for commodity shipments.

## **Insulated Container**

A container insulated on the walls, roof, floor, and doors, to reduce the effect of external temperatures on the cargo.

## **Insulated Container Tank**

The frame of a container constructed to hold one or more thermally insulated tanks for liquids.

## **Insurance with Average-clause**

This type of clause covers merchandise if the damage amounts to three percent or more of the insured value of the package or cargo. If the vessel burns, sinks, collides, or sinks, all losses are fully covered. In marine insurance, the word average describes partial damage or partial loss.

## **Insurance, All-risk**

This type of insurance offers the shipper the broadest coverage available, covering against all losses that may occur in transit.

## **Insurance, General-Average**

In water transportation, the deliberate sacrifice of cargo to make the vessel safe for the remaining cargo. Those sharing in the spared cargo proportionately cover the loss.

## **Insurance, Particular Average**

A Marine insurance term to refer to partial loss on an individual shipment from one of the perils insured against, regardless of the balance of the cargo. Particular average insurance can usually be obtained, but the loss must be in excess of a certain percentage of the insured value of the shipment, usually three to five percent, before a claim will be allowed by the company.

## **Interchange Point**

A location where one carrier delivers freight to another carrier.

## **Intercoastal**

Water service between two coasts; in the U.S., this usually refers to water service between the Atlantic and Pacific or Gulf Coasts.

## **Interline Freight**

Freight moving from origin to destination over the Freight lines of two or more transportation carriers.

## **Intermediate Point**

A point located en route between two other points.

## **Intermodal**

Used to denote movements of cargo containers interchangeably between transport modes, i.e., motor, water, and air carriers, and where the equipment is compatible within the multiple systems.

## **Invoice**

An itemized list of goods shipped to a buyer, stating quantities, prices, shipping charges, etc.

## **Inward Foreign Manifest (IFM)**

A complete listing of all cargo entering the country of discharge. Required at all world ports and is the primary source of cargo control, against which duty is assessed by the receiving country.

## **IPI**

Abbreviation for "Inland Point Intermodal." Refers to inland points (non-ports) that can be served by carriers on a through bill of lading.

## **Irrevocable Letter of Credit**

Letter of credit in which the specified payment is guaranteed by the bank if all terms and conditions are met by the drawee and which cannot be revoked without joint agreement of both the buyer and the seller.

## **I.S.O.**

International Standards Organization which deals in standards of all sorts, ranging from documentation to equipment packaging and labeling.

## **Issuing Bank**

Bank that opens a straight or negotiable letter of credit and assumes the obligation to pay the bank or beneficiary if the documents presented are in accordance with the terms of the letter of credit.

## **Issuing Carrier**

The carrier issuing transportation documents or publishing a tariff.

## **I.T.**

Abbreviation for "Immediate Transport." The document (prepared by the carrier) allows shipment to proceed from the port of entry in the U.S. to Customs clearing at the destination. The shipment clears Customs at its final destination. Also called an "In-Transit" Entry.



## **JIT**

Abbreviation for "Just In Time." In this method of inventory control, warehousing is minimal or non-existent; the container is the movable warehouse and must arrive "just in time;" not too early nor too late.

## **Joint Rate**

A rate applicable from a point on one transportation line to a point on another line, made by agreement and published in a single tariff by all transportation lines over which the rate applies.

**KT**

Kilo or metric ton. 1,000 Kilos or 2,204.6 pounds.

**Kilogram**

1,000 grams or 2.2046 pounds.

**King Pin**

A coupling pin centered on the front underside of a chassis; couples to the tractor.

**Knocked Down (KD)**

Articles which are taken apart to reduce the cubic footage displaced or to make a better shipping unit and are to be re-assembled.

**Knot**

One nautical mile (6,076 feet or 1852 meters) per hour. In the days of sail, speed was measured by tossing overboard a log which was secured by a line. Knots were tied into the line at intervals of approximately six feet. The number of knots measured was then compared against time required to travel the distance of 1000 knots in the line.

**Known Loss**

A loss discovered before or at the time of delivery of a shipment.

## **L/C**

Abbreviation for "Letter of Credit."

## **Laden**

Loaded aboard a vessel.

## **Lading**

Refers to the freight shipped; the contents of a shipment.

## **Landbridge**

Movement of cargo by water from one country through the port of another country, thence, using rail or truck, to an inland point in that country or to a third country. As example, a through movement of Asian cargo to Europe across North America.

## **Landed Cost**

The total cost of a good to a buyer, including the cost of transportation.

## **Landing Certificate**

Certificate issued by consular officials of some importing countries at the point or place of export when the subject goods are exported under bond.

## **Landing Gear**

A support fixed on the front part of a chassis (which is retractable); used to support the front end of a chassis when the tractor has been removed.

## **LASH**

A maritime industry abbreviation for "Lighter Aboard Ship." A specially constructed vessel equipped with an overhead crane for lifting specially designed barges and stowing them into cellular slots in an athwartship position.

## LCL

Abbreviation for "Less than Container Load." The quantity of freight which is less than that required for the application of a container load rate. Loose Freight.

## Less Than Truckload

Also known as LTL or LCL.

## Letter of Credit (LC)

A document, issued by a bank per instructions by a buyer of goods, authorizing the seller to draw a specified sum of money under specified terms, usually the receipt by the bank of certain documents within a given time. Some of the specific descriptions are:

- **Back-to-Back:** A new letter of credit issued to another beneficiary on the strength of a primary credit. The second L/C uses the first L/C as collateral for the bank. Used in a three-party transaction.
- **Clean:** A letter of credit that requires the beneficiary to present only a draft or a receipt for specified funds before receiving payment.
- **Confirmed:** An L/C guaranteed by both the issuing and advising banks of payment so long as seller's documents are in order, and the L/C terms are met. Only applied to irrevocable L/C's. The confirming bank assumes the credit risk of the issuing bank.
- **Deferred Payment:** A letter of credit issued for the purchase and financing of merchandise, similar to acceptance-type letter of credit, except that it requires presentation of sight drafts payable on an installment basis.
- **Irrevocable:** An instrument that, once established, cannot be modified or cancelled without the agreement of all parties concerned.
- **Non cumulative:** A revolving letter of credit that prohibits the amount not used during the specific period from being available afterwards.
- **Restricted:** A condition within the letter of credit which restricts its negotiation to a named bank.

- **Revocable:** An instrument that can be modified or cancelled at any moment without notice to and agreement of the beneficiary, but customarily includes a clause in the credit to the effect that any draft negotiated by a bank prior to the receipt of a notice of revocation or amendment will be honored by the issuing bank. Rarely used since there is no protection for the seller.
- **Revolving:** An irrevocable letter issued for a specific amount; renews itself for the same amount over a given period.
- **Straight:** A letter of credit that contains a limited engagement clause which states that the issuing bank promises to pay the beneficiary upon presentation of the required documents at its counters or the counters of the named bank.
- **Transferable:** A letter of credit that allows the beneficiary to transfer in whole or in part to another beneficiary any amount which, in aggregate, of such transfers does not exceed the amount of the credit. Used by middlemen.
- **Unconfirmed:** A letter of credit forwarded to the beneficiary by the advising bank without engagement on the part of the advising bank.

## Letter of Indemnity

In order to obtain the clean bill of lading, the shipper signs a letter of indemnity to the carrier on the basis of which may be obtained the clean bill of lading, although the dock or mate's receipt showed that the shipment was damaged or in bad condition.

## Licenses

- Some governments require certain commodities to be licensed prior to exportation or importation. Clauses attesting to compliance are often required on the B/L.
- Various types issued for export (general, validated) and import as mandated by government(s).

## Liner

A vessel sailing between specified ports on a regular basis.

**Line-Haul**

Transportation from one city to another as differentiated from local switching service.

**Liter**

1.06 liquid U.S. quarts or 33.9 fluid ounces.

**Liquidated Damages**

The penalty a seller must pay if the construction project does not meet contractual standards or deadlines.

**Lloyds' Registry**

An organization maintained for the surveying and classing of ships so that insurance underwriters and others may know the quality and condition of the vessels offered for insurance or employment.

**Local Cargo**

Cargo delivered to/from the carrier where origin/destination of the cargo is in the local area.

**Long Ton**

2,240 pounds

**Loose**

Without packing.

**Manifest**

Document that lists in detail all the bills of lading issued by a carrier or its agent or master for a specific voyage. A detailed summary of the total cargo of a vessel. Used principally for Customs purposes.

**Marine Insurance**

Broadly, insurance covering loss or damage of goods at sea. Marine insurance typically compensates the owner of merchandise for losses sustained from fire, shipwreck, etc., but excludes losses that can be recovered from the carrier.

**Maritime**

Business pertaining to commerce or navigation transacted upon the sea or in seaports in such matters as the court of admiralty has jurisdiction.

**Marking**

Letters, numbers, and other symbols placed on cargo packages to facilitate identification. Also known as marks.

**Master Inbond**

U.S. Customs' automated program under AMS. It allows for electronic reporting of inbound (foreign) cargoes in the U.S.

**MBM**

1,000 board feet. One MBM equals 2,265 C.M.

**MCFS**

Abbreviation for "Master Container Freight Station." See CFS.

**Measurement Cargo**

Freight on which transportation charges are calculated on the basis of volume measurement.

**Measurement Ton**

40 cubic feet.

**Memorandum Bill of Lading**

An in-house bill of lading. A duplicate copy.

**Metric Ton**

2,204.6 pounds or 1,000 kilograms.

**Minimum Charge**

The lowest charge that can be assessed to transport a shipment.

**Mixed Container Load**

A containerload of different articles in a single consignment.

**MT**

Abbreviation for "Metric Ton."

**Multimodal**

Synonymous for all practical purposes with "Intermodal."



## **NEC**

Abbreviation for "Not Elsewhere Classified."

## **Negotiable Instruments**

A document of title (such as a draft, promissory note, check, or bill of lading) transferable from one person to another in good faith for a consideration. Non-negotiable bills of lading are known as "straight consignment." Negotiable bills are known as "order b/l's."

## **NES**

Abbreviation for "Not Elsewhere Specified."

## **Nested**

Articles packed so that one rests partially or entirely within another, thereby reducing the cubic-foot displacement.

## **Net Tare Weight**

The weight of an empty cargo-carrying piece of equipment plus any fixtures permanently attached.

## **Net Tonnage (NT)**

$(0.2 + 0.02 \log_{10}(V_c)) V_c (4d/3D)^2$ , for passenger ships the following formula is added:  $1.25 (GT + 10000)/10000 (N_1 + (N_2/10))$ , where  $V_c$  is the volume of cargo holds,  $D$  is the distance between ship's bottom and the uppermost deck,  $d$  is the draught  $N_1$  is the number of cabin passengers, and  $N_2$  is the number of deck passengers.) "Ton" is figured as an 100 cubic foot ton.

## **Net Weight**

Weight of the goods alone without any immediate wrappings, e.g., the weight of the contents of a tin can without the weight of the can.

## **Neutral Body**

An organization established by the members of an ocean conference acts as a self-policing force with broad authority to investigate tariff violations, including authority to scrutinize all documents kept by the carriers and their personnel. Violations are reported to the membership and significant penalties are assessed.

## **N.M.F.C.**

National Motor Freight Classification.

## **NOI**

Abbreviation for "Not Otherwise Indexed."

## **NOIBN**

Abbreviation for "Not Otherwise Indexed By Name."

## **Nomenclature of the Customs Cooperation Council**

The Customs tariff used by most countries worldwide. It was formerly known as the Brussels Tariff Nomenclature and is the basis of the commodity coding system known as the Harmonized System.

## **Non-Dumping Certificate**

Required by some countries for protection against the dumping of certain types of merchandise or products.

## **Non-Vessel Operating Common Carrier (NVOCC)**

A cargo consolidator in ocean trades who will buy space from a carrier and sub◀ sell it to smaller shippers. The NVOCC issues bills of lading, publishes tariffs and otherwise conducts itself as an ocean common carrier, except that it will not provide the actual ocean or intermodal service.

**NOR**

Notice of Readiness, or Not Otherwise Rated.

**N.P.C.F.B.**

North Pacific Coast Freight Bureau.

**Ocean Bill of Lading (Ocean B/L)**

A contract for transportation between a shipper and a carrier. It also evidences receipt of the cargo by the carrier. A bill of lading shows ownership of the cargo and, if made negotiable, can be bought, sold or traded while the goods are in-transit.

**On Board**

A notation on a bill of lading that cargo has been loaded on board a vessel. Used to satisfy the requirements of a letter of credit, in the absence of an express requirement to the contrary.

**On Deck**

A notation on a bill of lading that the cargo has been stowed on the open deck of the ship.

**Open Account**

A trade arrangement in which goods are shipped to a foreign buyer without guarantee of payment.

**Open Insurance Policy**

A marine insurance policy that applies to all shipments made by an exporter over a period of time rather than to one shipment only.

## **Open Top Container**

A container fitted with a solid removable roof, or with a tarpaulin roof so the container can be loaded or unloaded from the top.

## **Origin**

Location where shipment begins its movement.

## **Original Bill of Lading (OBL)**

A document which requires proper signatures for consummating carriage of contract. Must be marked as "original" by the issuing carrier.

## **Overcharge**

To charge more than the proper amount according to the published rates.

## **Overheight Cargo**

Cargo more than eight feet high which thus cannot fit into a standard container.

## **Overland Common Point (OCP)**

A term stated on the bills of lading offering lower shipping rates to importers east of the Rockies, provided merchandise from the Far East comes in through the West Coast ports. OCP rates were established by U.S. West Coast steamship companies in conjunction with western railroads so that cargo originating or destined for the American Midwest and East would be competitive with all-water rates via the U.S. Atlantic and Gulf ports. Applies to eastern Canada.

## **Owner Code (SCAC)**

Standard Carrier Abbreviation Code identifying an individual common carrier. A three letter carrier code followed by a suffix identifies the carrier's equipment. A suffix of "U" is a container and "C" is a chassis.

## **Place of Delivery**

Place where cargo leaves the care and custody of carrier.

## **Place of Receipt**

Location where cargo enters the care and custody of carrier.

## **POD**

Abbreviation for:

- Port of Discharge.
- Port of Destination.
- Proof of Delivery. A document required from the carrier or driver for proper payment.

## **Point of Origin**

The place at which a shipment is received by a carrier from the shipper.

## **POL**

Abbreviation for:

- Port of Loading.
- Petroleum, Oil, and Lubricants.

## **Port**

- Harbor with piers or docks.
- Left side of a ship when facing forward.
- Opening in a ship's side for handling freight.

## **Port of Call**

Port where a ship discharges or receives traffic.

## **Port of Entry**

Port where cargo is unloaded and enters a country.

**Port of Exit**

Place where cargo is loaded and leaves a country.

**Prepaid (Ppd.)**

Freight charges paid by the consignor (shipper) prior to the release of the bills of lading by the carrier.

**Pro Forma**

A Latin term meaning "For the sake of form."

**Pro Forma Invoice**

An invoice provided by a supplier prior to the shipment of merchandise, informing the buyer of the kinds and quantities of goods to be sent, their value, and specifications (weight, size, etc.).

**Pro Rata**

A Latin term meaning "In proportion."

## **Quarantine**

A restraint placed on an operation to protect the public against a health hazard. A ship may be quarantined so that it cannot leave a protected point. During the quarantine period, the Q flag is hoisted.

## **Quota**

The quantity of goods that may be imported without restriction during a set period of time.

## **Quotation**

An offer to sell goods at a stated price and under stated terms.

## **Quay**

A structure attached to land to which a vessel is moored. See also Pier and Dock

**Rag Top**

A slang term for an open-top trailer or container with a tarpaulin cover.

**Rail Division**

The amount of money an ocean carrier pays to the railroad for overland carriage.

**Ramp**

Railroad terminal where containers are received or delivered and trains loaded or discharged. Originally, trailers moved onto the rearmost flatcar via a ramp and driven into position in a technique known as "circus loading." Most modern rail facilities use lifting equipment to position containers onto the flatcars.

**Rate Basis**

A formula of the specific factors or elements that control the making of a rate. A rate can be based on any number of factors (i.e., weight, measure, equipment type, package, box, etc.).

**Reasonableness**

Under ICC and common law, the requirement that a rate not be higher than is necessary to reimburse the carrier for the actual cost of transporting the traffic and allow a fair profit.

**Rebate**

An illegal form of discounting or refunding that has the net effect of lowering the tariff price. See also Malpractice.

**Reconsignment**

Changing the consignee or destination on a bill of lading while shipment is still in transit. Diversion has substantially the same meaning.

**Recourse**

A right claim against the guarantors of a loan or draft or bill of exchange.



**Red Label**

A label required on shipments of flammable articles.

**Reefer**

Refrigerated container.

**Related Points**

A group of points to which rates are made the same as or in relation to rates to other points in group.

**RFQ**

Request for quotation.

**Relay**

To transfer containers from one ship to another when both vessels are controlled by the same network (carrier) manager.

**Remittance**

Funds sent by one person to another as payment.

**Restricted Articles**

Articles handled only under certain conditions.

**Revenue Ton (RT)**

A ton on which the shipment is freighted. If cargo is rated as weight or measure (W/M), whichever produces the highest revenue will be considered the revenue ton. Weights are based on metric tons and measures are based on cubic meters. RT=1 MT or 1 CBM.

**Reverse IPI**

An inland point provided by an all-water carrier's through bill of lading in the U.S. by first discharging the container in an East Coast port.

**"Ro/Ro"**

A shortening of the term, "Roll On/Roll Off." A method of ocean cargo service using a vessel with ramps which allows wheeled vehicles to be loaded and discharged without cranes.

**Roll**

To re-book cargo to a later vessel.

**Route**

The manner in which a shipment moves; i.e., the carriers handling it and the points at which the carriers interchange.

**RVNX**

Abbreviation for "Released Value Not Exceeding." Usually used to limit the value of goods transported. The limitation refers to carrier liability when paying a claim for lost or damaged goods.

## **Sea Waybill**

Document indicating the goods were loaded onboard when a document of title (b/L) is not needed. Typically used when a company is shipping goods to itself.

## **Service Contract**

As provided in the Shipping Act of 1984, a contract between a shipper (or a shippers association) and an ocean common carrier (or conference) in which the shipper makes a commitment to provide a certain minimum quantity of cargo or freight revenue over a fixed time period, and the ocean common carrier or conference commits to a certain rate or rate schedule as well as a defined service level (such as assured space, transit time, port rotation or similar service features). The contract may also specify provisions in the event of nonperformance on the part of either party.

## **Ship Demurrage**

A charge for delaying a steamer beyond a stipulated period.

## **Ship's Manifest**

A statement listing the particulars of all shipments loaded for a specified voyage.

## **Shipment**

The tender of one lot of cargo at one time from one shipper to one consignee on one bill of lading.

## **Shipper**

The person or company who is usually the supplier or owner of commodities shipped. Also called Consignor.

## **Shippers Association**

A non-profit entity that represents the interests of a number of shippers. The main focus of shippers associations is to pool the cargo volumes of members to leverage the most favorable service contract rate levels.

## **Shipper's Export Declaration (SED,"Ex Dec")**

A joint Bureau of the Census' International Trade Administration form used for compiling U.S. exports. It is completed by a shipper and shows the value, weight, destination, etc., of export shipments as well as Schedule B commodity code.

## **Shipper's Instructions**

Shipper's communication(s) to its agent and/or directly to the international water-carrier. Instructions may be varied, e.g., specific details/clauses to be printed on the B/L, directions for cargo pickup and delivery.

## **Shipper's Letter of Instructions for issuing an Air Waybill**

The document required by the carrier or freight forwarders to obtain (besides the data needed) authorization to issue and sign the air waybill in the name of the shipper.

## **Shipper's Load & Count (SL&C)**

Shipments loaded and sealed by shippers and not checked or verified by the carriers.

## **Shipping Order**

Shipper's instructions to carrier for forwarding goods; usually the triplicate copy of the bill of lading.

**- Full Containerships:** Ships equipped with permanent container cells, with little or no space for other types of cargo.

**- Partial Containerships:** Multipurpose containerships where one or more but not all compartments are fitted with permanent container cells. Remaining compartments are used for other types of cargo.

- **Roll-on/Roll-off vessels:** Ships specially designed to carry wheeled containers or trailers using interior ramps.

- **Tankers:** Ships fitted with tanks to carry liquid cargo such as: crude petroleum and petroleum products; chemicals, Liquefied gasses(LNG and LPG), wine, molasses, and similar product tankers.

### **Side Loader**

A lift truck fitted with lifting attachments operating to one side for handling containers.

### **Side-Door Container**

A container fitted with a rear door and a minimum of one side door.

### **Sight Draft**

A draft payable upon presentation to the drawee.

### **SL/W**

Shippers load and count. All three clauses are used as needed on the bill of lading to exclude the carrier from liability when the cargo is loaded by the shipper.

### **Stability**

The force that holds a vessel upright or returns it to upright if keeled over. Weight in the lower hold increases stability. A vessel is stiff if it has high stability, tender if it has low stability.

### **Stowage**

A marine term referring to loading freight into ships' holds.

### **STC**

Said to contain.

**Stuffing**

Putting cargo into a container.

**Surcharge**

An extra or additional charge.

**Tare Weight**

In railcar or container shipments, the weight of the empty railcar or empty container.

**Tariff (Trf.)**

A publication setting forth the charges, rates and rules of transportation companies.

**Telex**

Used for sending messages to outside companies. Messages are transmitted via Western Union, ITT and RCA. Being replaced by fax and internet.

**Tenor**

Time and date for payment of a draft.

**Terminal**

An assigned area in which containers are prepared for loading into a vessel, train, truck, or airplane or are stacked immediately after discharge from the vessel, train, truck, or airplane.

**Terminal Charge**

A charge made for a service performed in a carrier's terminal area.

**Terms of Sale**

The point at which sellers have fulfilled their obligations so the goods in a legal sense could be said to have been delivered to the buyer. They are shorthand expressions that set out the rights and obligations of each party when it comes to transporting the goods. Following, are the thirteen terms of sale in international trade as Terms of Sale reflected in the recent amendment to the International chamber of Commerce Terms of Trade (INCOTERMS), effective July 1990: exw, fca, fas, fob, cfr, cif, cpt, cip, daf, des, deq, ddu and ddp.

- EXW (Ex Works) (...Named Place): A Term of Sale which means that the seller fulfills the obligation to deliver when he or she has made the goods available at his/her premises (i.e., works, factory, warehouse, etc.) to the buyer. In particular, the seller is not responsible for loading the goods in the vehicle provided by the buyer or for clearing the goods for export, unless otherwise agreed. The buyer bears all costs and risks involved in taking the goods from the seller's premises to the desired destination. This term thus represents the minimum obligation for the seller.
- FCA (Free Carrier) (... Named Place): A Term of Sale which means the seller fulfills their obligation when he or she has handed over the goods, cleared for export, into the charge of the carrier named by the buyer at the named place or point. If no precise point is indicated by the buyer, the seller may choose, within the place or range stipulated, where the carrier should take the goods into their charge.
- FAS (Free Alongside Ship) (...Named Port of Shipment): A Term of Sale which means the seller fulfills his obligation to deliver when the goods have been placed alongside the vessel on the quay or in lighters at the named port of shipment. This means that the buyer has to bear all costs and risks of loss of or damage to the goods from that moment.
- FOB (Free On Board) (...Named Port of Shipment): An International Term of Sale that means the seller fulfills his or her obligation to deliver when the goods have passed over the ship's rail at the named port of shipment. This means that the buyer has to bear all costs and risks to loss of or damage to the goods from that point. The FOB term requires the seller to clear the goods for export.
- CFR (Cost and Freight) (...Named Port of Destination): A Term of Sale where the seller pays the costs and freight necessary to bring the goods to the named port of destination, Terms of Sale but the risk of loss of or damage to the goods, as (continued) well as any additional costs due to events occurring after the time the goods have been delivered on board the vessel, is transferred from the seller to the buyer when the goods pass the ship's rail in the port of shipment. The CFR term requires the seller to clear the goods for export.
- CIF (Cost, Insurance and Freight) (...Named Place of Destination): A Term of Sale where the seller has the same obligations as under the CFR but also has to procure marine insurance against the buyer's risk of loss or damage to the goods during the carriage. The seller contracts for insurance and pays the insurance premium. The CIF term requires the seller to clear the goods for export.
- CPT (Carriage Paid To) (...Named Place of Destination): A Term of Sale which means the seller pays the freight for the carriage of the goods to the named destination. The risk of loss of or damage to the goods, as well as any additional costs due to events occurring after the time the goods have been delivered to the carrier, is transferred from the seller to the buyer when the goods have been delivered into the custody of the carrier. If subsequent carriers are used for the carriage to the agreed upon destination, the risk



passes when the goods have been delivered to the first carrier. The CPT term requires the seller to clear the goods for export.

- CIP (Carriage and Insurance Paid To) (...Named Place of Destination): A Term of Sale which means the seller has the same obligations as under CPT, but with the addition that the seller has to procure cargo insurance against the buyer's risk of loss of or damage to the goods during the carriage. The seller contracts for insurance and pays the insurance premium. The buyer should note that under the CIP term the seller is required to obtain insurance only on minimum coverage. The CIP term requires the seller to clear the goods for export.

- DAF (Delivered At Frontier) (...Named Place): A Term of Sale which means the sellers fulfill their obligation to deliver when the goods have been made available, cleared for export, at the named point and placed at the frontier, but before the customs Terms of Sale border of the adjoining country. (continued)

- DDU (Delivered Duty Unpaid) (...Named Port of Destination): A Term of Sale where the seller fulfills his obligation to deliver when the goods have been made available at the named place in the country of importation. The seller has to bear the costs and risks involved in bringing the goods thereto (excluding duties, taxes and other official charges payable upon importation) as well as the costs and risks of carrying out customs formalities. The buyer has to pay any additional costs and to bear any risks caused by failure to clear the goods for in time.

- DDP (Delivered Duty paid) (...Named Port of Destination): "Delivered Duty Paid" means that the seller fulfills his obligation to deliver when the goods have been made available at the named place in the country of importation. The seller has to bear the risks and costs, including duties, taxes and other charges of delivering the goods thereto, clear for importation. While the EXW term represents the minimum obligation for the seller, DDP represents the maximum.

- DES (Delivered Ex Ship) (...Named Port of Destination): A Term of Sale where the seller fulfills his/her obligation to deliver when the goods have been made available to the buyer on board the ship, uncleared for import at the named port of destination. The seller has to bear all the costs and risks involved in bringing the goods to the named port destination.

- DEQ (Delivered Ex Quay, [Duty Paid]) (...Named Port of Destination): A Term of Sale which means the DDU term has been fulfilled when the goods have been available to the buyer on the quay (wharf) at the named port of destination, cleared for importation. The seller has to bear all risks and costs including duties, taxes and other charges of delivering the goods thereto.

## **TEU**

Abbreviation for "Twenty foot Equivalent Unit."

**Tonnage**

100 cubic feet.

**Through Rate**

The total rate from the point of origin to final destination.

**Throughput Charge**

The charge for moving a container through a container yard off or onto a ship.

**Time Charter**

A contract for leasing between the ship owners and the lessee. It would state, e.g., the duration of the lease in years or voyages.

**Time Draft**

A draft that matures either a certain number of days after acceptance or a certain number of days after the date of the draft.

**Tonnage**

Generally refers to freight handled.

**Trade Acceptance**

A time or a date draft that has been accepted by the buyer (the drawee) for payment at maturity.

**Trailer**

The truck unit into which freight is loaded as in tractor trailer combination. See Container.

**Transship**

To transfer goods from one transportation line to another, or from one ship to another.

**Transshipment Port**

Place where cargo is transferred to another carrier.

**Trust Receipt**

Release of merchandise by a bank to a buyer while the bank retains title to the merchandise. The goods are usually obtained for manufacturing or sales purposes. The buyer is obligated to maintain the goods (or the proceeds from their sales) distinct from the remainder of the assets and to hold them ready for repossession by the bank.

**Two-Way Pallet**

A pallet so designed that the forks of a fork lift truck can be inserted from two sides only.

**UCP**

Abbreviation for the "Uniform Customs and Practice for Documentary Credits," published by the International Chamber of Commerce. This is the most frequently used standard for making payments in international trade; e.g., paying on a Letter of Credit. It is most frequently referred to by its shorthand title: UCP No. 500. This revised publication reflects recent changes in the transportation and banking industries, such as electronic transfer of funds.

**UFC**

Abbreviation for "Uniform Freight Classification."

**Ullage**

The space not filled with liquid in a drum or tank.

**UN/EDIFACT**

United Nations EDI for Administration, Commerce and Transport. EDI Standards are developed and supported by the UN for electronic message (data) interchange on an international level.

**Undercharge**

To charge less than the proper amount.

**Uniform Customs and Practices for Documentary Credits (UCP)**

Rules for letters of credit drawn up by the Commission on Banking Technique and Practices of the International Chamber of Commerce in consultation with the banking associations of many countries. See Terms of Payment.

**Unit Load**

Packages loaded on a pallet, in a crate or any other way that enables them to be handled at one time as a unit.

## **Unitization**

- The consolidation of a quantity of individual items into one large shipping unit for easier handling.
- Loading one or more large items of cargo onto a single piece of equipment, such as a pallet.

## **Unloading**

Removal of a shipment from a vessel.

## **U.S. Consular Invoice**

A document required on merchandise imported into the United States.

## **Validated Export License**

A document issued by the U.S. government; authorizes the export of commodities for which written authorization is required by law.

## **Validation**

Authentication of B/L and when B/L becomes effective.

## **Variable Cost**

Costs that vary directly with the level of activity within a short time. Examples include costs of moving cargo inland on trains or trucks, stevedoring in some ports, and short-term equipment leases. For business analysis, all costs are either defined as variable or fixed. For a business to break even, all fixed costs must be covered. To make a profit, all variable and fixed costs must be recovered plus some extra amount.

## **Vessel Manifest**

The international carrier is obligated to make declarations of the ship's crew and contents at both the port of departure and arrival. The vessel manifest lists various details about each shipment by B/L number. Obviously, the B/L serves as the core source from which the manifest is created.

## **War Risk**

Insurance coverage for loss of goods resulting from any act of war.

## **Warehouse**

A place for the reception, delivery, consolidation, distribution, and storage of goods/cargo.

## **Warehouse Entry**

Document that identifies goods imported when placed in a bonded warehouse. The duty is not imposed on the products while in the warehouse but will be collected when they are withdrawn for delivery or consumption.

## **Warehouse Withdrawal for Transportation (WDT)**

Allows merchandise that has been withdrawn from a bonded warehouse at one port to be transported in bond to another port, where a superseding entry will be filed.

## **Warehouse Withdrawal for Transportation Exportation (WDT&E)**

Allows merchandise that has been withdrawn from a bonded warehouse at one port to be transported in bond through the U.S. to be exported from another port, without paying duty.

## **Warehousing**

The storing of goods/cargo.

## **Waybill (WB)**

A document prepared by a transportation line at the point of a shipment; shows the point of the origin, destination, route, consignor, consignee, description of shipment and amount charged for the transportation service. It is forwarded with the shipment or sent by mail to the agent at the transfer point or waybill destination.

Abbreviation is WB. Unlike a bill of lading, a waybill is NOT a document of title.

## **Weight Cargo**

A cargo on which the transportation charge is assessed on the basis of weight.

### **W.M. (W/M)**

Abbreviation for "Weight or Measurement;" the basis for assessing freight charges. Also known as "worm." The rate charged under W/M will be whichever produces the highest revenue between the weight of the shipment and the measure of the shipment.