



## Glossary of sea freight terms

### All Risk

All Risks Coverage, a type of marine insurance, is the broadest kind of standard coverage, but excludes damage caused by war, strikes, and riots.

### Alongside

A phrase referring to the side of a ship. Goods to be delivered “alongside” are to be placed on the dock or lighter within reach of the transport ship’s tackle so that they can be loaded aboard the ship. Goods are delivered to the port of embarkation, but without loading fees.

### BAF

Bunker adjustment factor (balance for changing fuel costs)

### Bill of Lading (B/L)

Bills of lading are contracts between the owner of the goods and the carrier. There are two types. A straight bill of lading is nonnegotiable. A negotiable or shipper’s order bill of lading can be bought, sold, or traded while goods are in transit and is used for many types of financing transactions. The customer usually needs the original or a copy as proof of ownership to take possession of the goods.

### Bonded Warehouse

The Customs Service authorises bonded warehouses for storage or manufacture of goods on which payment of duties is deferred until the goods enter the Customs Territory. The goods are not subject to duties if reshipped to foreign points.

### C/S

Congestion surcharge (surcharge for waiting time in the ports)

### CAF

Currency adjustment factor (balance for fluctuations in rate of the various currencies)

### Carnet

A customs document permitting the holder to carry or send merchandise temporarily into certain foreign countries for display, demonstration or other purposes without paying import duties or posting bonds.

## CFS

Container freight station (warehouse where the consolidation containers are loaded or unloaded)

## 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 damages or other irregularities.

## Commercial Invoice

The commercial invoice is a bill for the goods from the seller to the buyer. These invoices are often used by governments to determine the true value of goods for the assessment of customs duties and are also used to prepare consular documentation. Governments using the commercial invoice to control imports often specify its form, content, number of copies, language to be used, and other characteristics.

## Conference Line

Conference Line Shippers which are members of a committee

## Consignee

The person or firm named in a freight contract to whom goods have been consigned or turned over. For export control purposes, the documentation differentiates between an "intermediate" consignee and an "ultimate" consignee.

## Consignment

Delivery of merchandise from an exporter (the consignor) to an agent (the consignee) under agreement that the agent sell the merchandise for the account of the exporter. The consignor retains title to the goods until sold. The consignee sells the goods for commission and remits the net proceeds to the consignor.

## Cost and Freight (C&F)

Cost and Freight (CFR) to a named overseas port of import. Under this term, the seller quotes a price for the goods that includes the cost of transportation to the named point of debarkation. The cost of insurance is left to the buyer's account. (Typically used for ocean shipments only. CPT, or carriage paid to, is a term used for shipment by modes other than water.) Also, a method of import valuation that includes insurance and freight charges with the merchandise values.

## Cost, Insurance and Freight (CIF)

Cost, insurance, and freight (CIF) to a named overseas port of import. Under this term, the seller quotes a price for the goods (including insurance), all transportation, and miscellaneous charges to the point of debarkation for the vessel. (Typically used for ocean shipments only. CIP, or carriage and insurance paid to, is a term used for shipment by modes other than water.)

## CSC

Container service charge (transit costs for containers in Europe)

## CY

(Container Yard) Place where loaded containers are delivered to be shipped or forwarded

## DDP

While the term “Ex Works” signifies the seller’s minimum obligation, the term “DDP – Deliver Duty Paid”, when followed by words naming the buyer’s premises, denotes the other extreme — the seller’s maximum obligation. The term “Deliver Duty Paid” may be used irrespective of the mode of transport. If the parties wish that the seller should clear the goods for import but that some of the cost payable upon the import of the goods should be excluded — such as value added tax (GST) and/or other similar taxes — this should be made clear by adding words to this effect (e.g., “exclusive of GST and/or taxes”).

## DDU

Deliver Duty Unpaid, referring to DDP except buyer pays for the import duty.

## Delivery Instructions

Provides specific information to the inland carrier concerning the arrangement made by the forwarder to deliver the merchandise to the particular pier or steamship line. Not to be confused with Delivery Order which is used for import cargo.

## Demurrage

Excess time taken for loading or unloading a vessel, thus causing delay of scheduled departure. Demurrage refers only to situations in which the charter or shipper, rather than the vessel’s operator, is at fault.

## DETENTION

Rent of container if the empty container is not returned on time

## Duty

A tax imposed on imports by the customs authority of a country. Duties are generally based on the value of the goods (ad valorem duties), some other factors such as weight or quantity (specific duties), or a combination of value and other factors (compound duties).

## ECB

Express Cargo Bill of Lading (a freight document, not an ownership document)

## ETA

Estimated time of arrival (planned arrival of ship)

## ETD

Estimated time of departure (planned departure of ship)

## FCL

Full container load (full container service)

## FCL or CY

Full Container Load, also known as CY. CY is the abbreviation of Container Yard. When the term CY to CY, it means full container load all the way from origin to destination.

## FCL/FCL

Full container service from door to door

## FCL/LCL

Consignments in one container from a sender for several recipients

## Federal Maritime Commission

The FMC is an independent agency which regulates oceanborne transportation in the foreign commerce and in the domestic offshore trade of the United States.

## FEU

Forty foot equivalent unit (40 foot container unit)

## Free Alongside Ship

Free Alongside Ship, FAS, at a named port of export. Under FAS, the seller quotes a price for the goods that includes charges for delivery of the goods alongside a vessel at the port of departure. The seller handles the cost of unloading and wharfage; loading, ocean transportation, and insurance are left to the buyer. FAS is also a method of export and import valuation.

## Free Carrier (FCA)

Free Carrier, FCA, to a named place. This term replaces the former "FOB named inland port" to designate the seller's responsibility for the cost of loading goods at the named shipping point. It may be used for multimodal transport, container stations, and any mode of transport, including air.

## Free On Board (FOB)

Common price term used in international trade meaning seller's responsible for the cost of goods is to the point of loading it to the vessel deck or aircraft loading deck. The risk of loss of or damage to the goods is transferred from the seller to the buyer when the goods have been so delivered. FOB normally comes with port of loading either airport or sea port.

#### Freight Carriage ... and Insurance paid to

This term is the same as "Freight/Carriage Paid to ..." but with the addition that the seller has to procure transport insurance against the risk of loss of damage to the goods during the carriage. The seller contracts with the insurer and pays the insurance premium.

#### Freight Carriage ... paid to

Like C & F, "Freight/Carriage paid to ..." means that the seller pays the freight for the carriage of the goods to the named destination. However, the risk of loss of or damage to the goods, as well as of any cost increases, is transferred from the seller to the buyer when the goods have been delivered into the custody of the first carrier and not at the ship's rail. The term can be used for all modes of transport including multi-modal operations and container or "roll on-roll off" traffic by trailer and ferries. When the seller has to furnish a bill of lading, waybill or carrier's receipt, he duly fulfills this obligation by presenting such a document issued by the person with whom he has contracted for carriage to the named destination.

#### Freight for All Kinds(FAK)

FAK is a shipping classification. Goods classified FAK are usually charged higher rates than those marked with a specific classification and are frequently in a container which includes various classes of cargo.

#### Freight Forwarder

An independent business which handles export shipments for compensation. At the request of the shipper, the forwarder makes the actual arrangements and provides the necessary services for expediting the shipment to its overseas destination. The forwarder takes care of all documentation needed to move the shipment from origin to destination, making up and assembling the necessary documentation for submission to the bank in the exporter's name. The forwarder arranges for cargo insurance, makes the necessary overseas communications, and advises the shipper on overseas requirements of marking and labeling.

#### Gateway

In the context of travel activities, gateway refers to a major airport or seaport. Internationally, gateway can also mean the port where customs clearance takes place.

#### Import License

A document required and issued by some national governments authorising the importation of goods. Also referred as import permit. With such documentation, customs clearance can be conducted.

## Incoterms

Maintained by the International Chamber of Commerce (ICC), this codification of terms is used in foreign trade contracts to define which parties incur the costs and at what specific point the costs are incurred.

## Insurance Certificate

This certificate is used to assure the consignee that insurance is provided to cover loss of or damage to the cargo while in transit.

## Integrated Carriers

Carriers that have both air and ground fleets; or other combinations, such as sea, rail, and truck. Since they usually handle thousands of small parcels an hour, they are less expensive and offer more diverse services than regular carriers.

## Intermediate Consignee

An intermediate consignee is the bank, forwarding agent, or other intermediary (if any) that acts in a foreign country as an agent for the exporter, the purchaser, or the ultimate consignee, for the purpose of effecting delivery of the export to the ultimate consignee.

## Intermodal

Movement of goods by more than one mode of transport, ie. airplane, truck, railroad and ship.

## Irrevocable Letter of Credit

A letter of credit in which the specified payment is guaranteed by the issuing bank if all terms and conditions are met by the drawee. It is as good as the issuing bank.

## LCL

Less than Container Load, consolidated container load.

## LCL/FCL

Consignments in one container from several senders for one recipient

## LCL/LCL

Partial deliveries, which are put into one container in the container freight station and then separated at the destination

## Letter of Credit

A financial document issued by a bank at the request of the consignee guaranteeing payment to the shipper for cargo if certain terms and conditions are fulfilled. Normally it contains a brief description of

the goods, documents required, a shipping date, and an expiration date after which payment will no longer be made. An Irrevocable Letter of Credit is one which obligates the issuing bank to pay the exporter when all terms and conditions of the letter of credit have been met. None of the terms and conditions may be changed without the consent of all parties to the letter of credit. A Revocable Letter of Credit is subject to possible recall or amendment at the option of the applicant, without the approval of the beneficiary. A Confirmed Letter of Credit is issued by a foreign bank with its validity confirmed by a U.S. bank. An exporter who requires a confirmed letter of credit from the buyer is assured payment from the U.S. bank in case the foreign buyer or bank defaults. A Documentary Letter of Credit is one for which the issuing bank stipulates that certain documents must accompany a draft. The documents assure the applicant (importer) that the merchandise has been shipped and that title to the goods has been transferred to the importer.

## Marine Cargo Insurance

Broadly, insurance covering loss of, or damage to, goods at sea. Marine insurance typically compensates the owner of merchandise for losses in excess of those which can be legally recovered from the carrier that are sustained from fire, shipwreck, piracy, and various other causes. Three of the most common types of marine insurance coverage are "free of particular average" (f.p.a.), "with average" (w.a.), and "All Risks Coverage."

MS

Motor Ship

MV

Motor Vessel (High-sea ship)

Non Conference Line

(Outside) Shippers which are not members of a committee

Non-Negot-Bill of Lading

Unsigned B/L copies, which are not originals and therefore have no permit allowances

Notify

Additional to notified address

Packing List

A shipping document issued by shipper to carrier, Customs and consignee serving the purposes of identifying detail information of package count, products count, measurement of each package, weight of each package, etc.

POD

Port of discharge

POL

Port of loading

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 important specifications (weight, size, and similar characteristics). When an importer applies for Letter of Credit as the means of payment, a Pro Forma Invoice from the beneficiary of such Letter of Credit, usually the exporter, is required by the L/C issuing bank.

Shipping Mark

The letters, numbers or other symbols placed on the outside of cargo to facilitate identification.

Shipping Weight

Shipping weight represents the gross weight in kilograms of shipments, including the weight of moisture content, wrappings, crates, boxes, and containers (other than cargo vans and similar substantial outer containers).

Stripping

Unloading of container

Stuffing

Loading of container

T/T

Transit time

TAA

Trans Atlantic Agreement (Committee in the Trans Atlantic Service)

Tare Weight

The weight of a container and/or packing materials without the weight of the goods it contains.

T-B/L

Through Bill of Lading



## TEU

Twenty foot equivalent unit (20 foot container unit)

## THC

Terminal handling charge (Handling costs for container)

## Through Bill of Lading

A single bill of lading covering receipt of the cargo at the point of origin for delivery to the ultimate consignee, using two or more modes of transportation.

## Transshipment

Transshipment refers to the act of sending an exported product through an intermediate country before routing it to the country intended to be its final destination.

## Twenty-Foot Equivalent Unit (TEU)

TEU is a measure of a ship's cargo-carrying capacity. One TEU measures twenty feet by eight feet by eight feet — the dimensions of a standard twenty-foot container. An FEU equals two TEUs.

## Ultimate Consignee

The ultimate consignee is the person located abroad who is the true party in interest, receiving the export for the designated end-use.

## Value for Customs Purposes Only

The U.S. Customs Service defines "value for Customs purposes only" as the value submitted on the entry documentation by the importer which may or may not reflect information from the manufacturer but in no way reflects Customs appraisal of the merchandise.

## W/M

Weight or Measurement (calculation of sea freight based on tonnes or cubic meters, depending which is higher)

## War/Strike Clause

An insurance provision that covers loss due to war and/or strike.

## Wharfage

A charge assessed by a pier or dock owner for handling incoming or outgoing cargo.

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