



GLOSSARY

A

Air Waybill — A non-negotiable contract for carriage of air transportation between an air carrier and a shipper.

All-Risk Insurance — The broadest form of coverage available, providing protection against all risk of physical loss or damage from any external cause. Does not cover loss or damage due to delay, inherent vice, inadequate packaging, or loss of market.

B

BAF (Bunker Adjustment Factor) — An adjustment in shipping charges to offset price fluctuations in the cost of fuel. Also known as a Bunker Surcharge (B/S). The word Bunker refers to fuel storage containers on a vessel.

Bill of Lading (B/L) — A document issued by a common carrier to a shipper that serves as:

1. A receipt for the goods delivered to the carrier for shipment.
2. A definition of the contract of carriage of the goods.
3. A Document of Title to the goods described therein.
4. This document is **generally** not negotiable unless consigned “to order.” (See “*Bill of Lading, Order*” below.)

Bill of Lading, On Board — A bill of lading acknowledging that the relative goods have been received on board a specified vessel.

Bill of Lading, Order — A negotiable bill of lading. There are two types:

1. A bill drawn to the order of a foreign consignee, enabling him to endorse the bill to a third party.
2. A bill of lading drawn to the order of the shipper and endorsed by him either “in blank” or to a named consignee. The purpose of the latter bill is to protect the shipper against the buyer’s obtaining the merchandise before he has paid or accepted the relative draft. (See *also Endorsement in Blank*)

Bonded Warehouse — A warehouse authorized by customs for storage of goods on which payment of duties is deferred until the goods are removed.

Break-bulk Vessel — A vessel designed to handle large or oversized cargo; generally cargo unsuitable for container stowage.

Bulk Cargo — Loose cargo that is loaded directly into a ship’s hold.



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Bulk Carrier — There are two types of bulk carriers, the dry-bulk carrier and the liquid-bulk carrier, better known as a tanker. Bulk cargo is a shipment such as oil, grain, or one which is not packaged, bundled, bottled, or otherwise packed and is loaded without counting or marking.

C

CAD (Cash Against Documents) — A method of payment for goods in which documents transferring title are given to the buyer upon payment of cash to an intermediary acting for the seller.

CAF (Currency Adjustment Factor) — A surcharge on freight charges by a carrier to offset foreign currency fluctuations.

Cargo Insurance — Insurance to protect the financial interest of the owner of the cargo in the event of a loss during transportation.

Carnet — A customs document permitting the holder to carry or send merchandise temporarily into certain foreign countries without paying duties or posting bonds. All of the goods traveling under a Carnet must be returned to the origin country to avoid penalties.

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

Certificate of Manufacture — A document used under a letter of credit containing an affidavit that goods have been manufactured and are being held for the account and risk of the buyer.

Certificate of Origin — A document containing an affidavit to prove the origin of imported goods. It is used for customs or foreign exchange purposes or both. Certificates of Origin are commonly certified by an official organization in the country of origin such as a consular office or a chamber of commerce.

CFS (Container Freight Station) — The term CFS at loading port means the location designated by carriers for the receiving of cargo to be loaded into containers by the carrier. At discharge or destination ports, the term CFS means the bonded location designated by carriers for devanning of containerized cargo.

CFS/CFS (Pier to Pier) — The term CFS/CFS refers to cargo delivered at origin in less-than-containerload quantities to a container freight station (CFS) to be loaded into containers and to be unloaded from the container at a destination CFS.

Chargeable Weight — Rate for airfreight goods where dimensional weight factor exceeds the actual weight of the cargo.

Chassis — A rectangular steel frame, supported by springs and wheeled axles constructed to accept mounting of containers for over-the-road transport.

Commercial Invoice — Receipt for goods purchased (invoice) indicating the shipper or seller and the consignee or purchaser. A commercial invoice should contain an itemized and detailed list of the merchandise with the complete description of goods, their unit value and extended total value. Depending on the Customs laws in the destination country, there may be additional requirements, statement or clauses that must appear as well.



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Confirmed Letter of Credit — (*See Letter of Credit, Confirmed*)

Consignee — The individual or company to whom a seller or shipper sends merchandise and who, upon presentation of necessary documents, is recognized as the merchandise owner for the purpose of declaring and paying customs duties.

Consolidated Shipment — A method of shipping whereby an agent (freight forwarder or consolidator) combines individual consignments from various shippers into one shipment sent to a destination agent, for the benefit of preferential transportation rates. The consolidation (Also called a “groupage”) is then de-consolidated by the destination agent into its original individual consignments and made available to various consignees. Consolidation provides shippers access to better rates than would otherwise be available.

Consolidator — An agent who brings together a number of shipments to qualify for preferential transportation rates.

Consular Documents — Special forms or certification signed by the Consulate of a country to which cargo is destined.

D

DDC — Destination Delivery Charge. This is part of the ocean carrier’s tariff and has nothing to do with the actual delivery of the cargo to the consignee. There may be delivery charges in addition to this fee, for delivery of the cargo.

DDP (Delivered Duty Paid) — Also known as “free domicile” or “free house.” cargo is delivered to the consignee’s door, and all clearance charges/fees and Customs duties are paid by the shipper or some third party.

DDU (Delivered Duty Unpaid) — Same as **DDP** except the duty is paid by the consignee.

Deck Cargo — Cargo carried on deck rather than stowed under deck. On-deck carriage is required for certain commodities, such as explosives.

Demurrage — A penalty for exceeding free time allowed for picking up cargo at a pier or freight terminal. Also, a charge for undue detention of transportation equipment (containers), while loading or unloading.

Density — Generally refers to “heavy” cargo or cargo, which is rated, based on weight instead of volume.

Dim Weight (Dimensional Weight) — An airfreight term used to describe the results of computing the chargeable weight from the measurement of a shipment.

Draft — An unconditional order in writing from one person (the Drawer) to another (the Drawee), directing the drawee to pay a specified amount to a named drawer on presentation or on a fixed date. This document will generally be transmitted through banking institutions.

Drawee — The individual or firm on whom a draft is drawn and who owes the stated amount to the drawer.



E

EDI or EDIFACT (Electronic Data Interchange for Administration, Commerce and Transport) — From the United Nations-backed electronic data interchange standards body, this is a set of standards that are used to define data sets in certain documents to standardize them for electronic transmission from one format to another.

Endorsed in Blank

1. Commonly used on a bank check, an endorsement in blank is an endorsement to the bearer. It contains only the name of the endorser and specifies no particular payee.
2. Also, a common means of endorsing bills of lading drawn to the order of the shipper. The bills are then "blank endorsed," or endorsed to a named holder or consignee.

Export License — A document secured from a government, authorizing a shipper to export a specific quantity of a particular commodity to a certain country.

Export Trading Company — A corporation or other business entity organized and operated primarily for the purpose of exporting goods and services, or for providing export-related services to other companies.

F

FCL — Full Container Load, Full Car Load.

Federal Maritime Commission (FMC) — The U.S. Federal agency responsible for overseeing Ocean Carriers, Conferences, NVOCC's and Ocean Freight Forwarders (now called OTI's – Ocean Transportation Intermediaries).

Feeder Vessel — A vessel that connects with a liner vessel to service a port not directly served by that vessel.

FEU — (Forty foot equivalent) Term normally used in ocean freight rate negotiations referring to the equivalent of a forty foot ocean container.

FIATA — International Federation of Freight Forwarders Associations.

Flag Carrier — An airline or vessel of one national registry whose government gives it partial or total monopoly over international routes.

Flat Rack — A platform designed with the flexibility to carry oversized cargo on board container vessels. It can be loaded from the sides and top, usually having adjustable or removable bulkheads at the front and back.

FMC — (*See Federal Maritime Commission*)

Force Majeure — The title of a standard clause found in marine contracts exempting the parties from fulfillment of their obligations by reasons of occurrences beyond their control, such as earthquakes, floods, hurricanes, or war.



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Foreign Trade Zone (FTZ) — An area designated by the government for duty-free entry of any non-prohibited goods. Merchandise may be stored, displayed, and further manufactured within the zone and re-exported without duties being paid. Duties are imposed only when the original goods or items manufactured from those goods pass from the zone into an area of the country subject to customs authority. *Also called a Free Trade Zone.*

Forwarder, Freight Forwarder, Foreign Freight Forwarder — An independent business that arranges the transport of shipments for exporters. The firm may ship by land, air, or sea, or it may specialize in one of these. Usually it handles all the services connected with an export shipment, including preparation of documents, booking of space, warehousing, pier delivery, and export clearance. The firm may also handle banking and insurance services on behalf of the exporter.

Free of Particular Average (FPA) - A marine insurance clause relating to the recoverability of partial and total losses from perils of the sea.

Free Port — A port which is a Foreign Trade Zone open to all traders on equal terms, or more specifically a port where merchandise may be stored duty-free pending re-export or sale within that country.

Free Trade Zone — *(See Foreign Trade Zone)*

G

GATT (General Agreement on Tariffs and Trade) A multilateral treaty intended to help reduce trade barriers and promote tariff concessions.

Gross Weight (GR Wt./GW) The full weight of a shipment, including containers and packaging materials.

H

Harmonized Code — An internationally accepted and uniform system for classifying goods for customs, statistical, and other trade purposes.

Harmonized System (HS) — A key provision of the international trade bill, effective January 1, 1989, that established international uniformity for classifying goods under a single commodity code.

Hi (or High) Cube — Any container exceeding 102 inches in height.

House Air Waybill (HAWB) — An air waybill issued by an airfreight consolidator. *(See also Air Waybill)*

I

IATA — International Air Transport Association.

ICC (International Chamber of Commerce) — A non-governmental organization serving as a policy advocate on world business.



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Igloo — A contoured structural container designed for use in main-deck carriage on aircraft.

Import License — A certificate issued by countries exercising import controls that permit importation of the articles stated in the license.

In-Bond — A term used to describe the movement of cargo from the first U.S. port of unloading to another Customs port for clearance and entry purposes.

INCOTERMS — The set of international standards for the uniform interpretation of common contract clauses in international trade. INCOTERMS 2000, formulated in concert with many international entities, comprises the latest revisions and should now be used exclusively.

Inspection Certificate — A document certifying that merchandise was in good condition, or in accordance with certain specifications immediately prior to shipment.

Interline — A mutual agreement between airlines to link their route network.

Intermodal — This refers to the capacity to go from ship to train to truck or the like. The term generally refers to containerized shipping or the capacity to handle containers across different modes of transport.

ISO 9000 — A series of voluntary international quality standards.

K

Knot, Nautical — The unit of speed equivalent to one nautical mile: 6,080.20 feet per hour or 1.85 kilometers per hour.

L

L/C — *(See Letter of Credit)*

LCL— Less than Container Load; Less than Car load.

Less than Truckload (LTL) — Rates applicable when the quantity of freight is less than the volume or truckload.

Letter of Credit (L/C) — A document issued by a bank, at the request of the buyer of goods, which assures payment to the seller, it must comply with the terms and conditions listed therein.

Letter of Credit, Confirmed — A letter of credit in which the advising bank guarantees payment to the seller, provided the seller's documentation is in accordance with and the terms of the letter of credit are met.

Liner — The word "liner" is derived from the term "line traffic," which denotes operation along definite routes on the basis of definite, fixed schedules.

Load Factor — Capacity used as against capacity available and expressed as a percentage.



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Logistics Management — The efficient and cost-effective management of the physical movement of goods from supply points to final sale and the associated transfer and holding of such goods at various intermediate storage points.

LTL — (*See Less than Truckload*)

M

Measurement Ton — The measurement ton is a space measurement, usually 40 cubic feet or one cubic meter. Cargo is assessed a rate for every 40 cubic feet or one cubic meter it occupies.

M/T or Metric Ton – 1000 Kilos

N

NAFTA (North American Free Trade Agreement) A free trade agreement comprising the U.S.A., Canada, and Mexico.

Net Weight (Actual Net Weight) — The weight of the goods alone without any shipping cartons or packages.

Net/Net Weight — The weight of only the product itself, without any wrapping, packaging, etc. As an example, the weight of a garment, excluding tissues, pins (used in folding), poly-bags, etc.

Non-Vessel Operating Common Carrier (NVOCC) — In the United States, a term for an FMC-licensed cargo consolidator offering services in ocean transportation. An NVOCC generally arranges or performs consolidation and containerization functions. In trade lanes that do not include the U.S.A., NVOCC's operate under different rules and governmental licensing may not be a requirement.

NES — Not Elsewhere Specified.

NOS — Not Otherwise Specified.

NVOCC — (*See Non-Vessel-Operating Common Carrier*)

O

Open Account — A trade arrangement in which goods are shipped to a foreign buyer without guarantee of payment such as a note, L/C, or other formal written evidence of indebtedness.

Open Policy — A cargo insurance policy that is an open contract; providing protection for all shipments in transit within a specified geographic trade area. It is referred to as "open" because it does not require reporting of individual shipments prior to shipment. Summary or grouped reporting requirements vary with different policies.

P

Perishables — Any cargo that loses considerable value, or will "perish," if it is delayed in transit. This usually refers to products, which are kept under certain temperature restraints such as fresh fruits, fresh fish or meat, vegetables, etc.



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Phytosanitary Inspection Certificate — A certificate issued by an exporting countries' Department of Agriculture indicating that a shipment has been inspected and is free of harmful pests and plant diseases.

Pilferage — As used in marine insurance policies, the term denotes petty thievery—the taking of small parts of a shipment—as opposed to the theft of a whole shipment or large unit. Many ordinary marine insurance policies do not cover against pilferage, and when this coverage is desired it must be added to the policy.

Port of Discharge — A port where a vessel is off-loaded and cargo discharged.

Port of Entry — A port at which foreign goods are enters into the commerce and admitted into the receiving country.

Port of Loading — A port where cargo is loaded aboard the vessel or aircraft.

Prepaid Freight — Generally speaking, freight charges both in ocean and air transport may be either prepaid in the currency of the country of export or they may be billed collect for payment by the consignee in his local currency. On shipments to some countries, however, freight charges must be prepaid because of foreign exchange regulations of the country of import or rules of steamship lines or airlines.

Proof of Delivery (POD) — The delivery receipt copy of a freight bill indicating the name of the person who signed for a package with the date and time of delivery.

R

Reefer — A refrigerated container, trailer or railcar for transporting perishables.

Ro/Ro (Roll-on/Roll-Off) Vessel — A ship designed to accommodate cargo that is rolled on and rolled off. Many Ro/Ro vessels can also accommodate containers and/or break-bulk cargo.

S

Ship's Manifest — A document containing a list of the shipments constituting the ship's cargo.

Shipment — Freight tendered to a carrier by a shipper for delivery to a consignee as designated in the bill of lading or airwaybill.

Shipper — Term used to describe the person or firm who contracts with the carrier for movement of goods (usually the seller).

Sight Draft — A draft payable upon presentation to the drawee. (*Compare with Date Draft and Time Draft.*)

Steamship Agent — A duly appointed and authorized representative in a specified territory acting on behalf of a steamship line or lines and attending to all matters relating to the vessels owned by his principals.



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Steamship Line — A company who owns (or leases) its own vessels and engages in the movement of goods by sea.

Stowage — The loading of cargo in a vessel in such a manner as to provide the utmost safety and efficiency for the ship and the goods it carries.

Strikes, Riots and Civil Commotion's — An insurance clause referring to loss or damage directly caused by strikers, locked-out workmen, labor disturbances, and riots of various kinds. The ordinary marine insurance policy does not cover this risk. Coverage against it is added by endorsement.

T

Tare Weight — The weight of containers without the goods to be shipped.

TEU — Twenty-foot equivalent unit. A unit of measure for certain ocean containers. A standard 40' container (FEU) equals 2 TEUs.

THC (Terminal Handling Charge) — A charge for handling services performed at terminals.

Time Draft — A draft that matures in a certain number of days, either from acceptance or some other date, as specified therein.

Ton — Freight rates for liner cargo generally are quoted on the basis of a rate per ton, depending on the nature of the commodity. This ton, however, may be a weight ton or a measurement ton.

Tracking — A system of recording movement intervals of shipments from origin to destination.

Transshipment — The transfer of a shipment from one carrier to another in international trade, most frequently from one ship to another. Because the unloading and reloading of delicate merchandise may cause damage, transshipments should be avoided whenever possible.

V

Valuation Charges — Additional charges assessed by shippers who declare a "value of carriage" on the airwaybill or bill of lading.

Volume Weight — An international airfreight term used to describe the results of computing the chargeable weight from the cubic measurement of a shipment.

W

War Risk — The possible aggressive actions against a ship and its cargo by a belligerent government. This risk can be insured by a marine policy with a risk clause.

War Risk Insurance — Insurance against war-like operations specifically described in the policy. In the U.S.A., war risk insurance is written in a separate policy from the ordinary marine insurance or as an endorsement to the policy.



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Warehouse Receipt — A receipt of commodities deposited in a warehouse identifying the goods deposited. It is non-negotiable, permitting delivery only to a specified person or firm, but it is negotiable if made out to the order of a person or firm or to a bearer.

Warehouse-to-Warehouse — A clause in marine insurance policies whereby the underwriter agrees to cover the goods while in transit between the initial point of shipment (the shipper's door) and the point of destination with certain limitations (the consignee's door).

Weight

- **Gross** — The weight of the goods including packing, wrappers, or containers, both internal and external. The total weight as shipped. It does not include the weight of the carrier's ocean or air container.
- **Net** — The weight of the goods themselves without the inclusion of any packages or cartons.
- **Tare** — The weight of the packaging or container.
- **Weight/Measurement Ton** — In many cases, a rate is shown per weight/measurement ton (or W/M), carrier's option. This means that the rate will be assessed on either a weight ton or measurement ton basis, whichever will yield the carrier the greater revenue.
- **Weight Ton** — Metric measure equals 1000 Kilograms; in English measure a short ton is 2000 pounds, a long ton is 2240 pounds.

W/M — Weight and/or Measurement.