



A- Z of Shipping Terminology

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

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.

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.

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 destination CFS.

CFS Charge (Container Freight Station Charge) - The charge assessed for services performed at the origin or destination for loading or unloading of cargo into/from containers at a CFS.

CFS Receiving Services - The service performed at the loading port in receiving and packing cargo into containers from CFS to CY or shipside.

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

Charter - Originally meant a flight where a shipper contracted hire of an aircraft from an air carrier, but has usually come to mean any non-scheduled commercial service.

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

CIA (Cash in Advance) - A method of payment for goods whereby the buyer pays the seller prior to shipping the goods.

Classification - A term for the determination of the correct tariff number in a Customs tariff for admissibility and duty purposes.

Combination Vessels - A type of ship that accommodates both container and break-bulk cargo. It can be either self-sustaining or non-self sustaining. Also known as a Container/Break-bulk Vessel.

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

Conference - A group of vessel operators joined together for the purpose of establishing freight rates.

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.

Consignor - A term used to describe any person who consigns goods to himself or to another party in a bill of lading or equivalent document. A consignor might be the owner of the goods, or a freight forwarder who consigns goods on behalf of his principal.

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

Consolidator - An agent who brings together a number of shipments for one destination to qualify for preferential rates.

Consular Documents - Special forms signed by the consular office of a country to which cargo is destined.

Consular Invoice - A document required by some countries describing a shipment of goods and showing information such as the consignor, consignee, and value of the shipment. Certified by a consular official, a consular invoice is used by the country's customs officials to verify the value, quantity, and nature of the shipment.

Date Draft - A draft that matures in a specified number of days after issuance without regard to date of acceptance.

DDC - Destination Delivery Charge.

DDP (Delivered Duty Paid) - Also known as "free domicile" or "free house."

DDU (Delivered Duty Unpaid) - This reflects the emergence of "door-to-door" intermodal or courier contracts or carriage where only the destination customs duty and taxes (if any) are paid by consignee.

Dead Freight - Freight charges paid by the charterer of a vessel for the contracted space which is left partially unoccupied.

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 loading or unloading at a pier or freight terminal. Also a charge for undue detention of transportation equipment or carriers in port while loading or unloading.

Density - Weight units per unit of volume.

Dim Weight (Dimensional Weight) - An airfreight term used to describe the results of computing the chargeable weight from the cubic 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.

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

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.

Endorsement in Blank

5. 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.
6. Also, a common means of endorsing bills of lading down to the order of the shipper. The bills are endorsed "For..." ([See Bill of Lading, Order](#))

Export License - A document secured from a government, authorizing a shipper to export a specific quantity of a particular commodity to a certain country. An export license is often required when a government places restrictions upon exports.

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

FCL - Full Container 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) at ocean ports and inland waterways.

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

FEU - (Forty foot equivalent) Term normally used in ocean freight rate negotiations referring to the equivalent of two twenty foot ocean containers.

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 Bed Chassis - A semi-trailer with a level bed and no sides or tops. The floor is a standard height from the ground.

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 for non-fulfillment of their obligations by reasons of occurrences beyond their control, such as earthquakes, floods, or war.

Foreign Trade Zone (FTZ) - A port designated by the government for duty-free entry of any non-prohibited goods. Merchandise may be stored, displayed, and used for manufacturing 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.

Foreign Trade Zone Entry - A form declaring goods which are brought duty free into a Foreign Trade Zone for further processing or storage and subsequent exportation from the zone into the commerce of another country.

Forwarder, Freight Forwarder, Foreign Freight Forwarder - An independent business that dispatches shipments for exporters for a fee. The firm may ship by land, air, or sea, or it may specialize. Usually it handles all the services connected with an export shipment, including preparation of documents, booking cargo space, warehousing, pier delivery, and export clearance. The firm may also handle banking and insurance services on behalf of a client.

Free of Particular Average (FPA) - A marine insurance clause relating to the recoverability of partial and total losses from perils of the sea. The American and English coverage's vary as follows:

7. **American Conditions (FPAAC)**. The underwriter does not assume responsibility for partial losses unless caused by sinking, stranding, burning, or colliding with another vessel.
8. **English Conditions (FPAEC)**. The underwriter assumes responsibility for partial losses if the vessel is sunk, stranded, burned, on fire, or in collision, even though such an event did not actually cause the damage suffered by the goods.

Free Out (FO) - The cost of unloading a vessel is borne by the charterer.

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](#))

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

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

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

House Air Waybill - An air waybill issued by an airfreight consolidator. ([See also Air Waybill](#))

IATA - International Air Transport Association.

ICAO (International Civil Aviation Organization) - A specialized agency of the United Nations headquartered in Montreal. It promotes general development of civil aviation such as aircraft design and operation, safety procedures, and contractual agreements.

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

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

Import License - A certificate issued by countries exercising import controls that permits importation of the articles stated in the license and often authorizes and/or releases the funds in payment of the importation.

In-Bond - A term use to describe cargo that has not been cleared by Customs to enter the commerce of a country.

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.

Inducement - When steamship lines publish in their schedules the name of a port and the words "by inducement" in parentheses, this means the vessel will call at the port if there is a sufficient amount of profitable cargo available and booked.

Inland Carrier - A transportation line which hauls export or import cargo between ports and inland points.

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

Integrated Carrier - A forwarder that uses its own aircraft, whether owned or leased, rather than scheduled airlines.

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

Joint Venture - A term of business partnership involving joint management and the sharing of risks and profits between enterprises sometimes based in different countries.

Just in Time (JIT) - The principle of production and inventory control in which goods arrive when needed for production or use

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

L/C - ([See Letter of Credit](#))

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

L&D - Loss and Damage.

Legal Weight - The weight of the goods plus any immediate wrappings or packagings that are sold along with the goods, e.g., the weight of a tin can as well as its contents. ([See also Gross Weight](#))

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

Letter of Credit (L/C) - 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. Issued as revocable or irrevocable.

Letter of Credit, Confirmed - A letter of credit containing a guarantee on the part of both the issuing and advising banks of payment to the seller, provided the seller's documentation is in order and the terms of the letter of credit are met.

Lighter - An open or covered barge equipped with a crane and towed by a tugboat. Used mostly in harbors and inland waterways.

Liner - The word "liner" is derived from the term "line traffic," which denotes operation along definite routes on the basis of definite, fixed schedules. A liner thus is a vessel that engages in this kind of transportation, which usually involves the haulage of general cargo as distinct from bulk cargo.

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

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.

Lo/Lo (Lift-On/Lift-Off) - Denotes the method by which cargo is loaded onto and discharged from an ocean vessel, which in this case is by the use of a crane.

LTL - ([See Less than Truckload](#))

Manifest - A list of the goods being transported by a carrier.

Measurement Ton - The measurement ton (also known as the cargo ton or freight ton) is a space measurement, usually 40 cubic feet or one cubic meter. Cargo is assessed a certain rate for every 40 cubic feet or one cubic meter it occupies.

MERCOSUR - A trade alliance between Argentina, Brazil, Paraguay and Uruguay, with Chile and Bolivia as associate members.

M/T or Metric Ton - 1000 Kilos

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

National Carrier - A flag carrier owned or controlled by the state.

Net Terms - Free of charters' commission.

Net Weight (Actual Net Weight) - The 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.

Non-Vessel Operating Common Carrier (NVOCC) - In the United States, a term for an FMC-licensed cargo consolidator of shipments in ocean trade, generally arranging for or performing 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.

NOS - Not Otherwise Specified.

NT - Net Tons.

NVOCC - ([See Non-Vessel-Operating Common Carrier](#))

OD - Outside Diameter.

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; e.g., it provides protection for all shipments in transit within a specified geographic trade area for a limited period of time. It is referred to as "open" because it does not require reporting of individual shipments. Summary or grouped reporting requirements vary with different policies.

O/R - Owner's Risk.

PA - ([See Particular Average](#))

Part Charter - Where part of an airline's scheduled flight is sold as if it were a charter in its own right. Often incorrectly used as a synonym for split charter.

Part Load Charter - Where a part of an aircraft's load is discharged at one destination and a part of it at another. This is distinct from a split charter where a number of consignments are carried to the same destination. Inbound, part loads are treated as single entity charters under the regulations in most countries.

Particular Average (PA) - Partial loss or damage to goods.

Perils of the Sea - Fortuitous accidents or casualties peculiar to transportation on navigable water, such as sinking, collision of vessel, striking a submerged object, or encountering heavy weather or other unusual forces of nature.

Perishables - Any cargo that loses considerable value if it is delayed in transportation. This usually refers to fresh fruit and vegetables.

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 Marks - An identifying set of letters, numbers, or geometric symbols followed by the name of the port of destination that are placed on export shipments. Foreign government requirements may be exceedingly strict in the matter of port marks.

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

Port of Entry - A port at which foreign goods are admitted into the receiving country.

Port of Loading - A port where cargo is loaded aboard the vessel, lashed, and stowed.

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 companies or airlines.

Prima Facie - A Latin term frequently encountered in foreign trade that means "on first appearance." When a steamship company issues a clean bill of lading, it acknowledges that the goods were received "in apparent good order and condition" and this is said by the courts to constitute prima facie evidence of the conditions of the containers; that is, if nothing to the contrary appears, it must be inferred that the cargo was in good condition when received by the carrier.

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.

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.

Route - An established passage, from the point of departure to the terminating station

Ship's Manifest - An instrument in writing containing a list of the shipments constituting the ship's cargo.

Shipment - Freight tendered to a carrier by one consignor at one place at one time for delivery to one consignee at one place on one bill of lading.

Shipper - Term used to describe an exporter (usually the seller).

Short-Shipped - Cargo manifested but not loaded.

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.

Steamship Line - A company usually having the following departments: vessel operations, container operations, tariff department, booking, outbound rates, inward rates, and sales. The company can maintain its own in-country offices to handle regional sales, operations, or other matters, or appoint steamship agents to represent them doing the same. Some lines have liner offices in several regions and appointed agents in others.

Stowage - The lading 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, persons' participation in labor disturbances, and riots of various kinds. The ordinary marine insurance policy does not cover this risk. Coverage against it can be added only by endorsement.

Sue & Labor Cause - A provision in marine insurance obligating the assured to do things necessary after a loss to prevent further loss and to act in the best interests of the insurer.

Tare Weight - The weight of packing and containers without the goods to be shipped.

Tariff - A general term for any listing of rates or charges. The tariffs most frequently encountered in foreign trade are: tariffs of international transportation companies operating on sea, land, and in the air; tariffs of international cable, radio, and telephone companies; and the customs tariffs of the various countries that list goods that are duty free and those subject to import duty, giving the rate of duty in each case. There are various classes of customs duties.

Temperature Controlled Cargo - Any cargo requiring carriage under controlled temperature.

TEU - A twenty-foot equivalent unit (6.1m). A standard unit for counting containers of various lengths and for describing container ship or terminal capacity. 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 the date of the draft.

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

Ton-Deadweight - The carrying capacity of the ship in terms of the weight in tons of the cargo, fuel, provisions, and passengers which a vessel can carry.

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 are avoided whenever possible.

Valuation Charges - Additional transportation charges assessed shippers who declare a value of goods higher than the value of carriers' limits of liability.

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

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 issued by marine underwriters against war-like operations specifically described in the policy. In former times, war risk insurance was taken out only in times of war, but currently many exporters cover most of their shipments with war risk insurance as a protection against losses from derelict torpedoes and floating mines placed during former wars, and also as a safeguard against unforeseen warlike developments. In the U.S.A., war risk insurance is written in a separate policy from the ordinary marine insurance; it is desirable to take out both policies with the same underwriter in order to avoid the ill effects of a possible dispute between underwriters as to the cause (marine peril or war peril) of a given loss.

Warehouse Receipt - A receipt of commodities deposited in a warehouse identifying the commodities deposited. It is non-negotiable if 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. Endorsement (without endorsement if made out to bearer) and delivery of a negotiable warehouse receipt serves to transfer the property covered by the receipt. Warehouse receipts are common documents in international banking.

Warehouse-to-Warehouse - A clause in marine insurance policy whereby the underwriter agrees to cover the goods while in transit between the initial point of shipment and the point of destination with certain limitations, and also subject to the law of insurable interest. The warehouse-to-warehouse clause was once extremely important, but marine extension clauses now often override its provisions.

Weight

- **Gross** - The weight of the goods including packing, wrappers, or containers, both internal and external. The total weight as shipped.
- **Net** - The weight of the goods themselves without the inclusion of any wrapper.
- **Tare** - The weight of the packaging or container.
- **Weight/Measurement Ton** - In many cases, a rate is shown per weight/measurement ton, 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.

Weight Load Factor - Payload achieved as against available capacity, expressed as a percentage. Cargo is frequently limited by volume rather than weight; load factors of 100 percent are rarely achieved.

With Average (WA) - A marine insurance term meaning that shipment is protected for partial damage whenever the damage exceeds a stated percentage.

With Particular Average (WPA) - An insurance term meaning that partial loss or damage of goods is insured. The damage generally must be caused by sea water, and many terms specify a minimum percentage of damage before payment. It may be extended to cover loss by theft, pilferage, leakage and breakage, or other perils depending on the nature of the cargo.

W/M - Weight and/or Measurement.