

## GLOSSARY OF TERMS

### **AIR FREIGHT**

Also known as Air Cargo, the term used to describe goods that are transported by aircraft and is usually the quickest method of shipping internationally.

### **ALLOTMENT**

A term used to describe blocked space by airlines on behalf of forwarders/shippers.

### **AIR WAYBILL (AWB)**

A required shipping document that accompanies goods shipped by an international air courier that provides detailed information about the shipment and allow it to be tracked. The AWB has multiple copies so that parties involved in the shipment can document it.

### **BONDED WAREHOUSE**

Used for the storage of goods with the authorisation of the Customs Service. Payment of duties is deferred until the goods enter the Customs Territory. The goods are not subject to duties if re-shipped out of the country.

### **CARNET**

An international customs and temporary export-import document. Used to permit the holder to carry or send merchandise temporarily into certain foreign countries for display, demonstration, or other purposes without paying import duties of posting bonds.

### **CERTIFICATE OF ORIGIN**

An official document that, when stamped by the relevant authorities, provide the Country of Origin of the goods in transit. It is required by customs in the buyer's country to determine tariff rates and prove the origin of the goods.

### **CFR (COST AND FREIGHT)**

A term used strictly for cargo transported by sea/inland waterways. With CFR terms, the seller is required to arrange for the carriage of goods by sea to a port of destination and provide the buyer with the documents necessary to obtain them from the carrier. CFR terms can appear to be a good option, the buyer has little control over the shipping process and the associated costs.

### **CIP (CARRIAGE AND INSURANCE PAID)**

CIP terms indicate that a seller pays freight and insurance to deliver goods to a seller-appointment party at an agreed-upon location. The risk of damage or loss to the goods being transported transfers from the seller to the buyer as soon as the goods are delivered to the carrier/appointed person.

### **COMMERCIAL INVOICE**

One of the most important documents in international trade and ocean freight shipping. A legal document issued by the seller (exporter) to the buyer (importer) in an international transaction. Serves as a contract and a proof of sale between both parties. Governments using the commercial invoice to control imports often specify its form, content, number of copies, language to be used, and other characteristics.

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### COMMODITY CODES

Also known as HS codes. Used to classify goods for import and export, to ensure the right amounts of tax, VAT and duty are paid. You can find commodity codes using the online Trade Tariff at GOV.UK.

### CONSIGNEE

The person or firm named in a freight contract to whom goods have been consigned.

### CPT (CARRIAGE PAID TO)

CPT indicates that the seller delivers the goods at their expense to a carrier or another person nominated by the seller. The seller assumes all risks, including loss, until the goods are in the car of the nominated party. CPT can be used for all modes of transports including air and sea.

### CUSTOMS CLEARANCE

The procedures involved in getting cargo released by Customs through designated formalities such as presenting commercial documentation and origin certificates, import license/permit, payment of import duties and other required documentations by the nature of the cargo.

### CUSTOMS INVOICE

A document, required by some foreign countries' customs officials to verify the value, quantity, and nature of the shipment, describing the shipment of goods, and showing information such as the consignor, consignee, and value of the shipment.

### DAP (DELIVERED AT PLACE)

Used to indicate that the seller agrees to pay all costs and bear any potential losses of moving goods sold to a specific location. The buyer assumes responsibilities for paying import duties and any applicable taxes, including clearance and local taxes once the shipment has arrived at the specified destination.

### DAT (DELIVERED AT TERMINAL)

Used to indicate that the seller's responsibility includes the full delivery of goods up until the end terminal or port of destination, as well as the unloading of the goods. The seller pays for all of the expenses incurred until the place of delivery and the buyer pays for customs clearance and taxes at destination. 'Terminal' means a quay, warehouse, container yard or any road for rail, air or road.

### DDP (DELIVERED DUTY PAID)

Used to indicate that the assumes all of the responsibility, risk, and costs associated with transporting goods until the buyer receives or transfers them at the destination port. Includes paying for shipping costs, export and import duties, insurance, and any other expenses incurred during shipping to an agreed-upon location in the buyer's country.

### DELIVERED DUTY UNPAID (DDU)

A term indicating that the consignee must pay local duties and taxes at the agreed delivery point.

# OWRL LOGISTICS

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### **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 shipping line. Not to be confused with Delivery Order which is used for import cargo.

### **DESCRIPTION OF GOODS**

Plain language description of the nature of the goods sufficient to identify them at the level required for banking, customs, statistical or transport purposes.

### **DANGEROUS GOODS NOTE (DGN)**

A Dangerous Goods Note is usually completed by a consignor who is qualified within the company to complete this document. The DGN contains all the hazardous information required for the goods to be transport in a safe manner. A DGN is required for all hazardous goods shipments via air or sea.

### **DIMENSIONAL WEIGHT**

Also called measurement weight. This is the size of consignment calculated by total square feet multiplied by 6000. Carriers will charge for freight based on the dimensional weight or actual gross weight whichever is higher.

### **DUTY**

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

### **EORI (ECONOMIC OPERATOR REGISTRATION AND IDENTIFICATION NUMBER)**

Used by UK Customs for tracking exports and imports within the EU so any shipments can easily be identified by customs. This number is required for a commercial invoice, when submitting an electronic export declaration, and when using the CHIEF system. If you are using a courier or freight forwarder, they will need the EORI number. It is easy to apply for an EORI number online and usually, takes three working days to receive. 'CHIEF system' refers to The Customs Handling of Import and Export Freight (CHIEF) system that records the movement of goods by land, air and sea. It allows importers, exporters and freight forwarders to complete customs formalities electronically and automatically checks for entry errors.

### **EXCEPTIONS**

When a problem such as shortage or damage is noted at the time of delivery, an exception is noted on the delivery sheet before it is signed to designate there was a problem with the shipment.

### **EXPORT LICENSE**

Some items require a government-issued export license before they are shipped internationally. Whether you need an export license depends on the country you are exporting from, the destination, the type of goods and the end use. In the case of exporting from the UK, most goods do not require a license, but it is the exporter's responsibility to ensure this is in place if needed.

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### **EXW (EX WORKS)**

EXW terms indicate that the buyer is responsible for collecting the goods from the seller and accepts all onward arrangements, including associated costs, risks, and liabilities.

### **FAS (FREE ALONGSIDE SHIP)**

Used to indicate that the seller must arrange for the goods purchased to be delivered next to a particular vessel in a particular port to be ready for transfer to a waiting ship. The seller is responsible for ensuring that the goods are already cleared for export while the buyer is responsible for the costs of re-loading goods, ocean transportation, and insurance.

### **FCA (FREE CARRIER)**

Used to indicate that the seller arranges most, or all of the export country stages (e.g. customs, trucking within the export country). The buyer arranges all other stages to the cargo's ultimate destination. The seller is liable and responsible for all tasks in their country up until the goods are delivered to the carrier at the terminal or a warehouse (e.g. consolidation centre). Unless the named place is the terminal, the buyer will be liable and responsible for some tasks in the export country.

### **FOB (FREE ON BOARD)**

Used to indicate that the seller and the buyer have relatively equal responsibility for all costs, risks and liabilities associated with transporting the goods. The seller is responsible up to the arrival for boarding the ship, including charges at the loading port. The buyer is responsible from loading onwards until the goods reach their destination. FOB is usually the recommended option for importers and buyers, as it allows greater control over costs.

### **FREE-TRADE ZONE**

A type of special economic zone, such as an area where business and trade laws are different to the rest of the country, where non-prohibited goods can be stored, handled, used for manufacture or re-exported, without customs intervention. While in a free-trade zone, taxes and duties are not applicable. The purpose of a free-trade zone is to make buying and selling goods easier and cheaper, and they are mostly found in developing countries as an economy-boosting measure.

### **FREIGHT FORWARDER**

The function of a Freight forwarder is arranging the international movement of goods, from A to B and facilitation of frontier and customs requirements. Forwarders do not ordinarily take "ownership" of the goods and rely on the declarations made by the shipper of what the goods are, what they weigh and measure.

### **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) and contract terms.