

# EXPORT TERMS

Compiled by

**ANUJ PATCHIGAR & ASSOCIATES**  
CHARTERED ACCOUNTANTS



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## Glossary of Export Terms

<b>Acceptance</b>	This term has several related meanings: (1) A time draft (or bill of exchange) that the drawee has accepted and is unconditionally obligated to pay at maturity. The draft must be presented first for acceptance - the drawee becomes the "acceptor" - then for payment. The word "accepted" and the date and place of payment must be written on the face of the draft. (2) The drawee's act in receiving a draft and thus entering into the obligation to pay its value at maturity. (3) Broadly speaking, any agreement to purchase goods under specified terms. An agreement to purchase goods at a stated price and understated terms.
<b>Ad valorem</b>	According to value. See Duty.
<b>Advance against documents</b>	A loan made on the security of the documents covering the shipment.
<b>Advising bank</b>	A bank, operating in the exporter's country, that handles letters of credit for a foreign bank by notifying the export firm that the credit has been opened in its favor. The advising bank fully informs the exporter of the conditions of the letter of credit without necessarily bearing responsibility for payment.
<b>Advisory capacity</b>	A term indicating that a shipper's agent or representative is not empowered to make definitive decisions or adjustments without approval of the group or individual represented. Compare Without reserve.
<b>Agent</b>	See Foreign sales agent.
<b>Air waybill</b>	A bill of lading that covers both domestic and international flights transporting goods to a specified destination. This is a nonnegotiable instrument of air transport that serves as a receipt for the shipper, indicating that the carrier has accepted the goods listed and obligates itself to carry the consignment to the airport of destination according to specified conditions. Compare Inland bill of lading, Ocean bill of lading, and Through bill of lading.
<b>Alongside</b>	The side of a ship. Goods to be delivered "alongside" are to be placed on the dock or barge within reach of the transport ship's tackle so that they can be loaded aboard the ship.
<b>Antidiversion clause</b>	See Destination control statement.
<b>Arbitrage</b>	The process of buying foreign exchange, stocks, bonds, and other commodities in one market and immediately selling them in another market at higher prices.
<b>Asian dollars</b>	U.S. dollars deposited in Asia and the Pacific Basin. Compare Eurodollars.
<b>ATA Carnet</b>	See Carnet.
<b>Balance of trade</b>	The difference between a country's total imports and exports. If exports exceed imports, a favorable balance of trade exists; if not, a trade deficit is said to exist.

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<b>Barter</b>	Trade in which merchandise is exchanged directly for other merchandise without use of money. Barter is an important means of trade with countries using currency that is not readily convertible.
<b>Beneficiary</b>	The person in whose favor a letter of credit is issued or a draft is drawn.
<b>Bill of exchange</b>	See Draft.
<b>Bill of lading</b>	A document that establishes the terms of a contract between a shipper and a transportation company under which freight is to be moved between specified points for a specified charge. Usually prepared by the shipper on forms issued by the carrier, it serves as a document of title, a contract of carriage, and a receipt for goods. Also see Air waybill, Inland bill of lading, Ocean bill of lading, and Through bill of lading.
<b>Bonded warehouse</b>	A warehouse authorized by customs authorities for storage of goods on which payment of duties is deferred until the goods are removed.
<b>Booking</b>	An arrangement with a steamship company for the acceptance and carriage of freight.
<b>Buying agent</b>	See Purchasing agent.
<b>Carnet</b>	A customs document permitting the holder to carry or send merchandise temporarily into certain foreign countries (for display, demonstration, or similar purposes) without paying duties or posting bonds.
<b>Cash against documents (CAD)</b>	Payment for goods in which a commission house or other intermediary transfers title documents to the buyer upon payment in cash.
<b>Cash in advance (CIA)</b>	Payment for goods in which the price is paid in full before shipment is made. This method is usually used only for small purchases or when the goods are built to order.
<b>Cash with order (CWO)</b>	Payment for goods in which the buyer pays when ordering and in which the transaction is binding on both parties.
<b>Certificate of inspection</b>	A document certifying that merchandise (such as perishable goods) was in good condition immediately prior to its shipment.
<b>Certificate of manufacture</b>	A statement (often notarized) in which a producer of goods certifies that manufacture has been completed and that the goods are now at the disposal of the buyer.
<b>Certificate of origin</b>	A document, required by certain foreign countries for tariff purposes, certifying the country of origin of specified goods.
<b>CFR</b>	Cost and freight. A pricing term indicating that the cost of the goods and freight charges are included in the quoted price; the buyer arranges for and pays insurance.

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<b>Charter party</b>	A written contract, usually on a special form, between the owner of a vessel and a "charterer" who rents use of the vessel or a part of its freight space. The contract generally includes the freight rates and the ports involved in the transportation.
<b>CIF</b>	Cost, insurance, freight. A pricing term indicating that the cost of the goods, insurance, and freight are included in the quoted price.
<b>Clean bill of lading</b>	A receipt for goods issued by a carrier that indicates that the goods were received in "apparent good order and condition," without damages or other irregularities. Compare Foul bill of lading.
<b>Clean draft</b>	A draft to which no documents have been attached.
<b>Collection papers</b>	All documents (commercial invoices, bills of lading, etc.) submitted to a buyer for the purpose of receiving payment for a shipment.
<b>Commercial attache</b>	The commerce expert on the diplomatic staff of his or her country's embassy or large consulate.
<b>Commercial invoice</b>	An itemized list of goods shipped, usually included among an exporter's collection papers.
<b>Commission agent</b>	See Purchasing agent.
<b>Common carrier</b>	An individual, partnership, or corporation that transports persons or goods for compensation.
<b>Confirmed letter of credit</b>	A letter of credit, issued by a foreign bank, the validity of which has been confirmed by a domestic bank. An exporter whose payment terms are a confirmed letter of credit is assured of payment by the domestic bank even if the foreign buyer or the foreign bank defaults. See Letter of credit.
<b>Consignment</b>	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 the consignee has sold them. The consignee sells the goods for commission and remits the net proceeds to the consignor.
<b>Consular declaration</b>	A formal statement, made to the consul of a foreign country, describing goods to be shipped.
<b>Consular invoice</b>	A document, required by some foreign countries, describing a shipment of goods and showing information such as the consignor, consignee, and value of the shipment. Certified by a consular official of the foreign country, it is used by the country's customs officials to verify the value, quantity, and nature of the shipment.
<b>Convertible currency</b>	A currency that can be bought and sold for other currencies at will.

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<b>Correspondent bank</b>	A bank that, in its own country, handles the business of a foreign bank.
<b>Countertrade</b>	The sale of goods or services that are paid for in whole or in part by the transfer of goods or services from a foreign country.
<b>Countervailing duty</b>	A duty imposed to counter unfairly subsidized products.
<b>CPT (carriage paid to) and CIP (carriage to)</b>	Pricing terms indicating that carriage, or carriage and insurance, are paid to the named place of destination. They apply in place of CFR and CIF, respectively, and insurance paid for shipment by modes other than water.
<b>Credit risk insurance</b>	Insurance designed to cover risks of nonpayment for delivered goods. Compare Marine insurance.
<b>Customhouse broker</b>	An individual or firm licensed to enter and clear goods through customs.
<b>Customs</b>	The authorities designated to collect duties levied by a country on imports and exports. The term also applies to the procedures involved in such collection.
<b>Date draft</b>	A draft that matures in a specified number of days after the date it is issued, without regard to the date of acceptance. See Draft, Sight draft, and Time draft.
<b>Deferred payment credit</b>	Type of letter of credit providing for payment some time after presentation of shipping documents by exporter.
<b>Demand draft</b>	See Sight draft.
<b>Devaluation</b>	The official lowering of the value of one country's currency in terms of one or more foreign currencies. For example, if the U.S. dollar is devalued in relation to the French franc, one dollar will "buy" fewer francs than before.
<b>DISC</b>	Domestic international sales corporation. Discrepancy - Letter of credit - When documents presented do not conform to the letter of credit it is referred to as a discrepancy.
<b>Dispatch</b>	An amount paid by a vessel's operator to a charterer if loading or unloading is completed in less time than stipulated in the charter party.
<b>Distributor</b>	A foreign agent who sells for a supplier directly and maintains an inventory of the supplier's products.
<b>Dock receipt</b>	A receipt issued by an ocean carrier to acknowledge receipt of a shipment at the carrier's dock or warehouse facilities. Also see Warehouse receipt.
<b>Documentary draft</b>	A draft to which documents are attached.
<b>Documents against acceptance (D/A)</b>	Instructions given by a shipper to a bank indicating that documents transferring title to goods should be delivered to the buyer (or drawee) only upon the buyer's acceptance of the attached draft.

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<b>Draft (or Bill of exchange)</b>	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 at a fixed or determinable future date. See Date draft, Sight draft, Time draft.
<b>Drawback</b>	Articles manufactured or produced in the United States with the use of imported components or raw materials and later exported are entitled to a refund of up to 99 percent of the duty charged on the imported components. The refund of duty is known as a drawback.
<b>Drawee</b>	The individual or firm on whom a draft is drawn and who owes the stated amount. Compare Drawer. Also see Draft.
<b>Drawer</b>	The individual or firm that issues or signs a draft and thus stands to receive payment of the stated amount from the drawee. Compare Drawee. Also see Draft.
<b>Dumping</b>	Selling merchandise in another country at a price below the price at which the same merchandise is sold in the home market or selling such merchandise below the costs incurred in production and shipment.
<b>Duty</b>	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 factor such as weight or quantity (specific duties), or a combination of value and other factors (compound duties).
<b>EMC</b>	See Export management company.
<b>ETC</b>	See Export trading company.
<b>Eurodollars</b>	U.S. dollars placed on deposit in banks outside the United States; usually refers to deposits in Europe.
<b>Ex</b>	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 (in the two examples, at the seller's factory or a dock at the import point). In practice, this kind of quotation indicates that the seller agrees to place the goods at the disposal of the buyer at the specified place within a fixed period of time.
<b>Exchange permit</b>	A government permit sometimes required by the importer's government to enable the import firm to convert its own country's currency into foreign currency with which to pay a seller in another country.
<b>Exchange rate</b>	The price of one currency in terms of another, that is, the number of units of one currency that may be exchanged for one unit of another currency.
<b>Eximbank</b>	Export-Import Bank of the United States.
<b>Export broker</b>	An individual or firm that brings together buyers and sellers for a fee but does not take part in actual sales transactions.

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<b>Export commission house</b>	An organization which, for a commission, acts as a purchasing agent for a foreign buyer.
<b>Export declaration</b>	See Shipper's export declaration.
<b>Export license</b>	A government document that permits the licensee to export designated goods to certain destinations. See General export license and Individually validated export license.
<b>Export management company</b>	A private firm that serves as the export department for several producers of goods or services, either by taking title or by soliciting and transacting export business on behalf of its clients in return for a commission, salary, or retainer plus commission.
<b>Export trading company</b>	A firm similar or identical to an export management company.
<b>FAS</b>	Free alongside ship. A pricing term indicating that the quoted price includes the cost of delivering the goods alongside a designated vessel.
<b>FCA</b>	"Free carrier" to named place. Replaces the former term "FOB named inland port" to designate the seller's responsibility for the cost of loading goods at the named shipping point. May be used for multimodal transport, container stations, and any mode of transport, including air.
<b>FCIA</b>	Foreign Credit Insurance Association.
<b>FI</b>	Free in. A pricing term indicating that the charterer of a vessel is responsible for the cost of loading and unloading goods from the vessel.
<b>Floating policy</b>	See Open policy.
<b>FO</b>	Free out. A pricing term indicating that the charterer of a vessel is responsible for the cost of loading goods from the vessel.
<b>FOB</b>	"Free on board" at named port of export. A pricing term indicating that the quoted price covers all expenses up to and including delivery of goods upon an overseas vessel provided by or for the buyer.
<b>Force majeure</b>	The title of a standard clause in marine contracts exempting the parties for nonfulfillment of their obligations as a result of conditions beyond their control, such as earthquakes, floods, or war.
<b>Foreign exchange</b>	The currency or credit instruments of a foreign country. Also, transactions involving purchase or sale of currencies.
<b>Foreign freight forwarder</b>	See Freight forwarder.
<b>Foreign sales agent</b>	An individual or firm that serves as the foreign representative of a domestic supplier and seeks sales abroad for the supplier.

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<b>Foreign trade zone</b>	See Free-trade zone.
<b>Foul bill of lading</b>	A receipt for goods issued by a carrier with an indication that the goods were damaged when received. Compare Clean bill of lading.
<b>Free port</b>	An area such as a port city into which merchandise may legally be moved without payment of duties.
<b>Free-trade zone</b>	A port designated by the government of a country for duty-free entry of any nonprohibited goods. Merchandise may be stored, displayed, used for manufacturing, etc., within the zone and reexported without duties being paid. Duties are imposed on the merchandise (or items manufactured from the merchandise) only when the goods pass from the zone into an area of the country subject to the customs authority.
<b>Freight forwarder</b>	An independent business that handles export shipments for compensation. (A freight forwarder is among the best sources of information and assistance on export regulations and documentation, shipping methods, and foreign import regulations.)
<b>GATT</b>	General Agreement on Tariffs and Trade. A multilateral treaty intended to help reduce trade barriers between signatory countries and to promote trade through tariff concessions.
<b>General export</b>	Any of various export licenses covering export commodities for which license Individually validated export licenses are not required. No formal application or written authorization is needed to ship exports under a general export license.
<b>Gross weight</b>	The full weight of a shipment, including goods and packaging. Compare Tare weight.
<b>Import license</b>	A document required and issued by some national governments authorizing the importation of goods into their individual countries.
<b>Individually validated export license</b>	A required document issued by the U.S. Government authorizing the export of specific commodities. This license is for a specific transaction or time period in which the exporting is to take place. Compare General export license.
<b>Inland bill of lading</b>	A bill of lading used in transporting goods overland to the exporter's international carrier. Although a through bill of lading can sometimes be used, it is usually necessary to prepare both an inland bill of lading and an ocean bill of lading for export shipments. Compare Air waybill, Ocean bill of lading, and Through bill of lading.
<b>International freight forwarder</b>	See Freight forwarder.
<b>Irrevocable letter of credit</b>	A letter of credit in which the specified payment is guaranteed by the bank if all terms and conditions are met by the drawee. Compare Revocable letter of credit.



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<b>Letter of credit (L/C)</b>	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.
<b>Licensing</b>	A business arrangement in which the manufacturer of a product (or a firm with proprietary rights over certain technology, trademarks, etc.) grants permission to some other group or individual to manufacture that product (or make use of that proprietary material) in return for specified royalties or other payment.
<b>Manifest</b>	See Ship's manifest.
<b>Marine insurance</b>	Insurance that compensates the owners of goods transported overseas in the event of loss that cannot be legally recovered from the carrier. Also covers air shipments. Compare Credit risk insurance.
<b>Marking (or marks)</b>	Letters, numbers, and other symbols placed on cargo packages to facilitate identification.
<b>Ocean bill of lading</b>	A bill of lading (B/L) indicating that the exporter consigns a shipment to an international carrier for transportation to a specified foreign market. Unlike an inland B/L, the ocean B/L also serves as a collection document. If it is a "straight" B/L, the foreign buyer can obtain the shipment from the carrier by simply showing proof of identity. If a "negotiable" B/L is used, the buyer must first pay for the goods, post a bond, or meet other conditions agreeable to the seller. Compare Air waybill, Inland bill of lading, and Through bill of lading.
<b>On board bill of lading</b>	A bill of lading in which a carrier certifies that goods have been placed on board a certain vessel.
<b>Open account</b>	A trade arrangement in which goods are shipped to a foreign buyer without guarantee of payment. The obvious risk this method poses to the supplier makes it essential that the buyer's integrity be unquestionable.
<b>Open insurance policy</b>	A marine insurance policy that applies to all shipments made by an exporter over a period of time rather than to one shipment only.
<b>Order bill of lading</b>	A negotiable bill of lading made out to the order of the shipper.
<b>Packing list</b>	A list showing the number and kinds of items being shipped, as well as other information needed for transportation purposes.
<b>Parcel post receipt</b>	The postal authorities' signed acknowledgment of delivery to receiver of a shipment made by parcel post.
<b>PEFCO</b>	Private Export Funding Corporation. A corporation that lends to foreign buyers to finance exports from the United States.
<b>Perils of the sea</b>	A marine insurance term used to designate heavy weather, stranding, lightning, collision, and sea water damage.
<b>Phytosanitary</b>	A certificate, issued by the U.S. Department of Agriculture to satisfy import

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inspection certificate regulations for foreign countries, indicating that a U.S. shipment has been inspected and is free from harmful pests and plant diseases.

<b>Political risk</b>	In export financing, the risk of loss due to such causes as currency inconvertibility, government action preventing entry of goods, expropriation or confiscation, and war.
<b>Pro forma invoice</b>	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, etc.).
<b>Purchasing agent</b>	An agent who purchases goods in his or her own country on behalf of foreign importers such as government agencies and large private concerns.
<b>Quota</b>	The quantity of goods of a specific kind that a country permits to be imported without restriction or imposition of additional duties.
<b>Quotation</b>	An offer to sell goods at a stated price and under specified conditions.
<b>Remitting bank</b>	The bank that sends the draft to the overseas bank for collection.
<b>Representative</b>	See Foreign sales agent.
<b>Revocable letter of credit</b>	A letter of credit that can be canceled or altered by the drawee (buyer) after it has been issued by the drawee's bank. Compare Irrevocable letter of credit.
<b>Shipper's export declaration</b>	A form required for all shipments by the U.S. Treasury Department and prepared by a shipper, indicating the value, weight, destination, and other basic information about an export shipment.
<b>Ship's manifest</b>	An instrument in writing, signed by the captain of a ship, that lists the individual shipments constituting the ship's cargo.
<b>Sight draft (S/D)</b>	A draft that is payable upon presentation to the drawee. Compare Date draft and Time draft.
<b>Spot exchange</b>	The purchase or sale of foreign exchange for immediate delivery.
<b>Standard industrial classification (SIC)</b>	A standard numerical code system used to classify products and services.
<b>Standard international trade classification (SITC)</b>	A standard numerical code system developed by the United Nations to classify commodities used in international trade.
<b>Steamship conference</b>	A group of steamship operators that operate under mutually agreed-upon freight rates.
<b>Straight bill of lading</b>	A nonnegotiable bill of lading in which the goods are consigned directly to a named consignee.

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<b>Tare weight</b>	The weight of a container and packing materials without the weight of the goods it contains. Compare Gross weight.
<b>Tenor (of a draft)</b>	Designation of a payment as being due at sight, a given number of days after sight, or a given number of days after date.
<b>Through bill of lading</b>	A single bill of lading converting both the domestic and international carriage of an export shipment. An air waybill, for instance, is essentially a through bill of lading used for air shipments. Ocean shipments, on the other hand, usually require two separate documents - an inland bill of lading for domestic carriage and an ocean bill of lading for international carriage. Through bills of lading are insufficient for ocean shipments. Compare Air waybill, Inland bill of lading, and Ocean bill of lading.
<b>Time draft</b>	A draft that matures either a certain number of days after acceptance or a certain number of days after the date of the draft. Compare Date draft and Sight draft (see chapter 13).
<b>Tramp steamer</b>	A ship not operating on regular routes or schedules.
<b>Transaction statement</b>	A document that delineates the terms and conditions agreed upon between the importer and exporter.
<b>Trust receipt</b>	Release of merchandise by a bank to a buyer in which the bank retains title to the merchandise. The buyer, who obtains the goods for manufacturing or sales purposes, is obligated to maintain the goods (or the proceeds from their sale) distinct from the remainder of his or her assets and to hold them ready for repossession by the bank.
<b>Warehouse receipt</b>	A receipt issued by a warehouse listing goods received for storage.
<b>Wharfage</b>	A charge assessed by a pier or dock owner for handling incoming or outgoing cargo.
<b>Without reserve</b>	A term indicating that a shipper's agent or representative is empowered to make definitive decisions and adjustments abroad without approval of the group or individual represented. Compare Advisory capacity.