

OCEAN SERVICE DICTIONARY OF TERMS

ACCEPTANCE	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 under stated terms.
AD VALOREM	According to value. One of the generic methods used to establish actual duty charges on shipments, using monetary valuation as a basis for calculation rather than non-monetary standards (e.g., fixed amount per unit, ton, bushel, etc.) which are known as "specified" duties.
ADVANCE BANK	A loan made on the security of documents covering the shipment.
ADVISING BANK	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.
ADVISORY CAPACITY	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.)
AFFREIGHTMENT, CONTRACT OF	An agreement by a steamship line to provide cargo space on a vessel at a specified time and for a specified price to accommodate an exporter or importer, who then becomes liable for payment even though he is later unable to make the shipment.
AFTER DATE	A phrase indicating that payment on a draft or other negotiable instrument is due a specified number of days after presentation of the draft to the drawee or payee.
AFTER SIGHT	A phrase indicating the payment on a draft or other negotiable instrument is due a specified number of days after presentation of the draft to the drawee or payee.
AGENT	See Foreign sales agent.
AIRWAY BILL	A bill of lading that covers both domestic and international flights, transporting goods to a specified destination. This is a non-negotiable 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.

ALL-RISK CLAUSE	Insurance provision that all loss or damage to goods is insured except that of inherent vice (self-caused).
ALONGSIDE	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.
ANTIDIVERSION CLAUSE	See Destination control statement.
ANTIDUMPING DUTY	A charge levied on imported goods sold on the U.S. market to offset the difference between the sale price on the U.S. market and the exporter’s home market or between the U.S. sale price and the cost of producing the goods. (See Dumping).
APPARENT CONSUMPTION	An estimate of domestic consumption calculated as product shipment, plus imports, minus exports.
APPRAISEMENT	The determination, by a proper Customs official, of the dutiable value of imported merchandise following procedures outlined in the Tariff Act of 1930, as amended.
ARBITRAGE	The process of buying foreign exchange, stocks, bonds, and other commodities in one market and immediately selling them in another market at higher prices.
ARBITRATION CLAUSE	A clause in a sales contract outlining the method under which disputes will be settled.
ASIA PACIFIC ECONOMIC COOPERATION (APEC)	An organization established in 1989 to promote trade and investment in the Pacific Basin. APEC now comprises eighteen economies located in and around the Pacific Ocean: Australia, Brunei, Canada, Chile, China, Hong Kong, Indonesia, Japan, Malaysia, Mexico, New Zealand, Papua New Guinea, the Philippines, Singapore, South Korea, Taiwan, Thailand, and the United States.
ASIAN DOLLARS	U.S. dollars deposited in Asia and the Pacific Basin. Compare Eurodollars.
AT SIGHT	A phrase indicating that payment on a draft or other negotiable instrument is due upon presentation or demand.
ATA CARNET	See Carnet.
AUTHORITY TO PAY	A letter used mostly in Far Eastern trade, addressed by a bank to a seller of merchandise, notifying him that it is authorized to purchase, with or without recourse, drafts up to a stipulated amount drawn on a certain foreign buyer in cover of specified shipments of merchandise.
AUTO PACT	An agreement on automotive products between the governments of the United States and Canada that went into effect in September 1966. The pact has resulted in a large increase in bilateral automotive trade.
AW	All-Water: direct ports of call with no overland service.
BAF	Bunker Adjustment Factor. A fuel surcharge.
BALANCE OF TRADE	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.

BANK AFFILIATE ETC	An ETC partially or wholly owned by a banking institution as provided under the ETCA.
BANK HOLDING COMPANY	Any company which directly or indirectly owns or controls, with power to vote, more than five percent of voting shares of each of one or more other banks.
BANKER'S BANK	A bank that is established by mutual consent by independent and unaffiliated banks to provide a clearinghouse for financial transactions.
BARRATRY	Negligence or fraud on the part of a ship's officers or crew resulting in injury or loss to the ship's owners.
BARTER	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.
BEGGAR-THY-NEIGHBOR POLICY	A course of action through which a country tries to reduce unemployment and increase domestic output by raising tariffs and instituting non-tariff barriers that impede imports, or by accomplishing the same objective through competitive devaluation in currency.
BENEFICIARY	The person in whose favor a letter of credit is issued or a draft is drawn.
BIG EMERGING MARKETS (BEMs)	A group of fast-growing economies that the Department of commerce has identified as major U.S. export markets in the future: Argentina, Brazil, the Chinese Economic Area (China, Hong Kong, and Taiwan) India, Indonesia, Mexico, Poland, South Africa, South Korea, and Turkey. In 1994, the total population of the BEMs was 2.8 billion, about half of world population.
BILATERAL TRADE AGREEMENT	A formal agreement involving commerce between two countries. Such agreements sometimes list the quantities of specific goods that may be exchanged between participating countries within a given period.
BILL OF EXCHANGE	See Draft.
BILL OF LADING	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 Airway bill, Inland bill of lading, Ocean bill of lading and Through bill of lading.
BLOCKED EXCHANGE	Exchange which cannot be freely converted into other currencies.
BONDED WAREHOUSE	A warehouse authorized by customs authorities for storage of goods on which payment of duties is deferred until the goods are removed.
BOOKING	An arrangement with a steamship company for the acceptance and carriage of freight.
BOOKING NUMBER	A number assigned to a contract of affreightment used as an identifying reference on bills and correspondence.
BUYING AGENT	See Purchasing agent.

C&F NAMED PORT	See CFR.
CABLE ADDRESS	A code word of less than 10 letters, registered annually with the Central Bureau of Registered Addresses. It is used in lieu of the entire name and address of a firm receiving or sending cablegrams in order to reduce the number of words required in a cablegram.
CARNET	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.
CASH AGAINST DOCUMENTS (CAD)	Payment for goods in which a commission house or other intermediary transfers title documents to the buyer upon payment in cash.
CASH IN ADVANCE (CIA)	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.
CASH WITH ORDER (CWO)	Payment for goods in which the buyer pays when ordering and in which the transaction is binding on both parties.
CCCN	The customs tariff used by many countries worldwide, including most European nations but not the United States. It is also known as the Brussels Tariff Nomenclature.
CERTIFICATE OF INSPECTION	A document certifying that merchandise (such as perishable goods) was in good condition immediately prior to its shipment.
CERTIFICATE OF MANUFACTURE	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.
CERTIFICATE OF ORIGIN	A document required by certain foreign countries for tariff purposes, certifying the country of origin of specified goods.
COST AND FREIGHT (CFR)	(...named port of destination) - An international commercial term which means that the seller must pay the costs and freight necessary to bring the goods to the named port of destination but the risk of loss of or damage to the goods, as well as any additional costs due to events occurring after the time the goods have been delivered on board the vessel, is transferred from the seller to the buyer when the goods pass the ship's rail in the port of shipment. The CFR term requires the seller to clear the goods for export. This term can only be used for sea and inland waterway transport. When the ship's rail serves no practical purpose, such as in the case of roll-on/roll-off or container traffic, the CPT term (Credit Paid To) is more appropriate to use.
CHAMBER OF COMMERCE	An association of business people organized to promote local business interests.
CHARTER PARTY	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 port involved in the transportation.

COST, INSURANCE AND FREIGHT (CIF)	(...named port of destination) - An international commercial term which means that the seller has the same obligations as under CFR (cost and freight), but is also responsible for procuring marine insurance against the buyer's risk of loss of or damage to the goods during the carriage. The seller contracts for insurance and pays the insurance premium. The buyer should note that under the CIF term the seller is only required to obtain insurance on minimum coverage. The CIF term requires the seller to clear the goods for export. This term can only be used for sea and inland waterway transport. When the ship's rail serves no practical purposes such as in the case of roll-on/roll-off or container traffic, the CIP term is more appropriate to use.
CARRIAGE AND INSURANCE PAID TO (CIP)	(...named place of destination) - An international commercial term which means that the seller has the same obligations as under CPT (Credit Paid To), but additionally, the seller must procure cargo insurance against the buyer's risk of loss of or damage to the goods during the carriage. The seller contracts for insurance and pays the insurance premium.
CLAUSED BILL LADING	One on which the common carrier has noted exceptions to having accepted a shipper's merchandise for transportation in "apparent good order and condition."
CLAYTON ACT	A major U.S. antitrust law passed in 1914 to supplement the Sherman Act. The Clayton Act dealt primarily with the prohibition of price discrimination among buyers by sellers in the sale of commodities and the acquisition of the company's stock by a competitor.
CLEAN BILL OF LADING	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.
CLEAN DRAFT	A draft to which no documents have been attached.
COCOM	"The Coordinating Committee on Multilateral Export Controls," a voluntary group of countries consisting of Belgium, Denmark, France, Federal Republic of Germany, Greece, Italy, Japan, Luxembourg, the Netherlands, Norway, Portugal, Spain, Turkey, United Kingdom, Canada and the United States. This group administers a common set of export controls.
CODE OF CONDUCT	International instruments that indicate standards of behavior by nations, states, or multinational corporations deemed desirable by the international community. Each of these codes is monitored by a special committee that meets under the auspices of GATT and encourages consultations and the settlement of disputes arising under the code.
COLLECTION PAPERS	All documents (commercial invoices, bills of lading, etc.) submitted to a buyer for the purpose of receiving payment for a shipment.
COMBINATION EXPORT MANAGER	A firm which acts as an export sales agent for more than one U.S. manufacturer, all of which are non-competitive with the others. Business is transacted under the names of the manufacturers and revenue is derived from sales commissions.
COMMERCIAL ATTACHE	Commerce expert on the diplomatic staff of his or her country's embassy or large consulate.

COMMERCIAL CODE	A published code designed to reduce the total number of words required in a cablegram.
COMMERCIAL INVOICE	An itemized list of goods shipped, usually included among an exporter's collection papers.
COMMISSION AGENT	See Purchasing agent.
COMMODITY CREDIT CORPORATION	A government corporation controlled by the Department of Agriculture to provide financing and stability to the marketing and exporting of agricultural commodities.
COMMODITY GROUPINGS	A numerical system used by the U.S. Bureau of the Census to group imports and exports in broader categories than are provided by the Tariff Schedules. Currently, Schedule A is used to categorize imports, Schedule E for exports, Schedule B was replaced by Schedule E in 1978.
COMMON CARRIER	An individual, partnership, or corporation that transports persons or goods for compensation.
COMMON EXTERNAL TARIFF	A tariff rate uniformly applied by a common market or customs union, such as the European Community, to imports from countries outside the union.
COMPARATIVE ADVANTAGE	A central concept in international trade theory which holds that a country or region should specialize in the production and export of those goods and services that it can produce relatively more efficiently than other goods and services, and import those goods and services in which it has a comparative disadvantage.
CONDITIONALLY FREE	Merchandise that is free of duty under certain conditions, provided those conditions can be satisfied.
CONFIRMED LETTER OF CREDIT	A letter of credit, issued by a foreign bank, the validity of which has been confirmed by a U.S. bank. An exporter whose payment terms are a confirmed letter of credit is assured of payment by the U.S. bank even if the foreign buyer or the foreign bank defaults. See Letter of credit.
CONSIGNEE	The buyer or importer.
CONSIGNEE MARKS	A symbol placed on a package for export for identification purposes. Generally consisting of a triangle, square, circle, diamond or cross, with letters and/or numbers, as well as port of discharge.
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 the consignee has sold them. The consignee sells the goods for commission and remits the net proceeds to the consignor.
CONSIGNOR	The seller or exporter.
CONSTANT DOLLARS	Values adjusted to a base price level, calculated by dividing current dollars by a price deflator. Use of constant dollars eliminates the effects of price inflation and permits the comparison of output volumes over time. Also known as "real" dollars.

CONSUL	A government official residing in a foreign country who is charged with the representation of the interests of his country and its nationals.
CONSULAR DECLARATION	A formal statement, made to the consul of a foreign country, describing goods to be shipped. Approval must be obtained prior to shipment.
CONSULAR INVOICE	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.
CONSULATE	The jurisdiction, term of office, or official premises of a consul.
CONSUMER PRICE INDEX (CPI)	A measurement of the relative price levels of various goods and services purchased by consumers.
CONVERTIBILITY	The degree to which a particular currency may be traded for another in foreign exchange markets. "Hard" currencies enjoy nearly universal acceptance and are thus said to have (good) convertibility.
CONVERTIBLE CURRENCY	A currency that can be bought and sold for other currencies at will.
COPYRIGHT	The writings of an author are protected against copying. Included within the protection of copyright laws are literary, dramatic, musical, artistic, and computer software works.
CORRESPONDENT BANK	A bank that, in its own country, handles the business of a foreign bank.
COST AND INSURANCE	A pricing term indicating that these costs are included in the quoted price.
COUNTERTRADE	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. (See Barter.)
COUNTERVAILING DUTY	Additional duty imposed by the Secretary of the Treasury in order to offset export grants, bounties or subsidies paid to foreign suppliers in certain countries by the government of the country for the purpose of promoting export.
CARRIAGE PAID TO (CPT)	(...named place of destination) - An international commercial term which means that the seller pays the freight for the carriage of the goods to the named destination. The risk of loss of or damage to the goods, as well as any additional costs due to events occurring after the time the goods have been delivered to the carrier, is transferred from the seller to the buyer when the goods have been delivered into the custody of the carrier.
CREDIT RISK INSURANCE	Insurance designed to cover risks of nonpayment for delivered goods. Compare Marine insurance.
CURRENT DOLLARS	The actual dollar amount paid in sales transactions.
CUSTOMHOUSE BROKER	An individual or firm, licensed by the Treasury Department, engaged in entering and clearing goods through Customs. The duties of a broker include preparing the entry blank and filing it; advising the importer on duties to be paid; advancing duties and other costs; and, arranging for delivery to his client, his trucking firm, or other carrier.

CUSTOMS	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.
CUSTOMS BONDED WAREHOUSE	A warehouse where imported goods may be stored for a total of three years without the payment of duty or taxes.
CUSTOMS COURT	The court to which importers might appeal or protest decisions made by Customs officers.
CUSTOMS VALUE	The value of U.S. imports as determined by the U.S. Customs Service. Generally defined as the price actually paid, excluding U.S. Import duties, freight, insurance and other charges incurred in bringing merchandise to the United States.
D/A SIGHT DRAFT	Documents against acceptance sight draft. A method of payment for goods in which documents transferring title are delivered to the buyer as soon as he signs an acceptance, stamped on a draft, guaranteeing payment of the draft.
DELIVERED AT FRONTIER (DAF)	(...named place) - An international commercial term which means that the seller fulfills his obligation to deliver when the goods have been made available (cleared for export) at the named point and place at the frontier, but before the customs border of the adjoining country. The term frontier may be used for any frontier including that of the country of export. Therefore, it is of vital importance that the frontier in question be defined precisely by always naming the point and place in the term. The term is intended to be used primarily when goods are to be carried by rail or road, but it may be used for any mode of transport.
DATE DRAFT	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.
DELIVERED DUTY PAID (DDP)	(...named place of destination) - An international commercial term which means that the seller fulfills his obligation to deliver when the goods have been made available at the named place in the country of importation. The seller has to bear the risks and costs, including duties, taxes and other charges of delivering the goods thereto, cleared for importation. Whilst the EXW term represents the minimum obligation for the seller, DDP represents the maximum obligation.
DELIVERED DUTY UNPAID (DDU)	(...named place of destination) - An international commercial term which means that the seller fulfills his obligation to deliver when the goods have been made available at the named place in the country of importation. The seller has to bear the costs and risks involved in bringing the goods thereto (excluding duties, taxes and other official charges payable upon importation as well as the costs and risks of carrying out customs formalities).
DEFERRED PAYMENT CREDIT	Type of letter of credit providing for payment some time after presentation of shipping documents by exporter.
DELIVERY INSTRUCTIONS	Specific information provided to the inland carrier concerning the arrangement made by the forwarder to deliver the merchandise to a particular ocean pier or airport. Used in the export trade.
DEMAND DRAFT	An instrument which is payable upon presentation.

DEMURRAGE	Excess time taken for loading or unloading of a vessel not caused by the vessel operator, but due to the acts of a charterer or shipper.
DESTINATION CONTROL STATEMENT	Any of various statements that the U.S. government requires to be displayed on export shipments and that specify the destinations for which export of the shipment has been authorized.
DELIVERED EX QUAY (DEQ) (DUTY PAID)	(...named port of destination) - An international commercial term which means that the seller fulfills his obligation to deliver when he has made the goods available to the buyer on the quay (wharf) at the named port of destination, cleared for importation. The seller has to bear all risks and costs including duties, taxes, and other charges of delivering the goods thereto.
DELIVERED EX SHIP (DES)	(...named port of destination) - An international commercial term which means that the seller fulfills his obligation to deliver when the goods have been made available to the buyer on board the ship uncleared for import at the named port of destination. The seller has to bear all the costs and risks involved in bringing the goods to the named port of destination. This term can only be used for sea or inland waterway transport.
DEVALUATION	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.
DEVELOPED COUNTRIES	A term used to distinguish the advanced industrial countries, including OECD countries, and most Eastern European countries.
DEVELOPING COUNTRIES OR LESSER - DEVELOPED COUNTRIES (LDCs)	A broad range of countries that generally lack a high degree of industrialization, infrastructure and other capital investment, sophisticated technology, widespread literacy, and advanced living standards among their populations.
DIRECT EXPORTING	Sale by an exporter directly to a buyer located in a foreign country.
"DOMESTIC INTERNATIONAL SALES CORPORATION." (DISC)	The DISC incentive was created by the Revenue Act of 1971. Taxpayers are permitted to establish corporations (called Domestic International Sales Corporations) to conduct their export activities. The DISC legislation provides for deferral of Federal income tax on 50 percent of the export earnings allocated to the DISC, with the balance treated as dividends to the parent company (export income allocated to the parent company is taxed in the normal manner). The DISC must obtain 95 percent or more of its receipts from "qualified exports receipts." At least 95 percent of the DISC's assets must be "qualified export assets." The Tax Reduction Act of 1975 removed the tax deferral for export earnings attributed to the sale of products in short supply in the U.S. and also removed DISC benefits for earnings from certain natural resources. The Tax Reform Act of 1976 added an additional requirement that tax deferral benefits could be applied only to income from export gross receipts exceeding 67 percent of average export gross receipts during a four-year period. As a result of pressure from its trading partners in the General Agreement on Tariffs and Trade (GATT), the U.S. promised in 1982 to develop a GATT-acceptable substitute for the DISC mechanism.
DISCREPANCY - LETTER OF CREDIT	When documents presented do not conform to the letter of credit it is referred to as a discrepancy.

DISPATCH	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.
DISTRIBUTION EXPORT LICENSE	A license that permits the multiple shipment of commodities under a single license to qualified foreign consignees.
DISTRIBUTOR	A foreign agent who sells for a supplier directly and maintains an inventory of the supplier's products.
DOCK RECEIPT	Receipt issued by an ocean carrier to acknowledge receipt of a shipment at the carrier's dock or warehouse facilities. Also see Warehouse receipt.
DOCUMENTARY CREDIT	A commercial letter of credit providing for payment by a bank to the beneficiary named, usually the seller of the merchandise, against delivery of documents specified in the credit.
DOCUMENTARY DRAFT	A draft to which documents are attached.
DOCUMENTS	Papers usually attached to foreign drafts, consisting of ocean bill of lading, marine insurance certificates, and commercial invoices, and where required, includes certificates of origin and consular invoices.
DOCUMENTS AGAINST ACCEPTANCE (D/A)	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.
DOCUMENTS AGAINST PAYMENT (D/P)	Used with a sight draft, the exporter delivers all the necessary shipping documents together with the draft drawn at sight on the importer to the advising bank. The title is not released until payment is made on the shipment.
DOMICILE	The place where a draft or acceptance is made payable.
DRAFT (OR BILL OF EXCHANGE)	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.
DRAWBACK	Articles manufactured or produced in the United States with the use of imported components or raw materials that are 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.
DRAWEE	The individual or firm on whom a draft is drawn and who owes the stated amount. Compare Drawer. Also see Draft.
DRAWER	The individual or firm on whom a draft is drawn and who is owed, the stated amount. Compare Drawee. Also see Draft.
DUAL-USE-ITEM	A product that has both commercial and military applications.
DUMPING	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.

DUTY	A tax imposed on imports by the customs authority of a country. Duties are generally based on the value of the goods (as valorem duties), some other factor such as weight or quantity (specific duties), or a combination of value and other factors (compound duties).
E&OE	“Errors and Omissions Excepted” - A phrase accompanying the shipper’s signature on an invoice, by which he or she disclaims final responsibility for typographical errors or unintentional omissions.
ECONOMICS OF SCALE	This term describes a company’s ability to increase production efficiency by producing a larger volume of output while reducing costs.
EDGE ACT CORPORATION	Banks that are subsidiaries either to bank holding companies or other banks established to engage in foreign business transactions. They were established by an Act of Congress in 1919.
EXPORT MANAGEMENT COMPANY (EMC)	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.
ENDORSEMENT	A signature on the reverse of a negotiable instrument, primarily for the purpose of transferring the holder’s rights to another person. It constitutes a contract between the holder and all parties to the instrument. Each endorser orders the prior parties to fulfill the contract to his or her endorsee and also agrees with the endorsee that if they do not, he or she will.
EXPORT TRADING COMPANY (ETC)	A firm similar or identical to an export management company.
EURODOLLARS	U.S. dollars placed on deposit in banks outside the United States; usually refers to deposits in Europe.
EUROPEAN COMMUNITY (EC)	The European Common Market, including: Belgium, Denmark, France, West Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, the United Kingdom and West Germany. This is the largest trading bloc in the world.
EUROPEAN CURRENCY UNIT (ECU)	An international unit of account created for the European Monetary System (EMS), to be used as the denominator of EMS debts and credits and as a reserve credit in the European Monetary Cooperation Fund. The ECU is composed of a weighted basket of currencies of European Union members.
EUROPEAN UNION (EU)	A regional economic and political organization with a combined GDP of more than \$7 trillion and a population of 370 million. Its 15 members are Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, and the United Kingdom. Formerly known as the European Community (EC).
EX - 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.

EX MILL (EX WAREHOUSE, EX MINE, EX FACTORY)	The seller is obligated to place the specified quantity of goods at the specified price at his mill loaded on trucks, railroad cars or any other specified means of transport. The buyer must accept the goods in this manner and make all arrangements for transportation.
EXCHANGE PERMIT	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.
EXCHANGE RATE	The price of one currency in terms of another, that is, the number of units of one currency that may be exchanged on one unit of another currency.
EXIMBANK	Export-Import Bank of the United States offers direct loans and guarantees loans to U.S. exporters and to foreign buyers of U.S. goods.
EXPIRATION DATE	The final date upon which draft(s) under a letter of credit (L/C) may be presented for negotiation.
EXPORT	To send or transport goods out of a country for sale in another country. In international sales, the exporter is usually the seller or the seller's agent.
EXPORT BROKER	An individual or firm that brings together buyers and sellers for a fee but does not take part in actual sales transactions.
EXPORT COMMISSION HOUSE	An organization which, for a commission, acts as a purchasing agent for a foreign buyer.
EXPORT DECLARATION	Formal statement made to the collector of customs at a port of exit declaring full particulars about goods being exported.
EXPORT/IMPORT BANK	An independent U.S. Government Agency created to facilitate U.S. trade relations primarily by providing financing, insurance, and feasibility studies.
EXPORT LICENSE	A government document that permits the licensee to export designated goods to certain destinations. See General export license and Individually validated export license.
EXPORT MANAGEMENT COMPANY (EMC)	A private firm that serves as the export department for several manufacturers, soliciting and transacting export business on behalf of its clients in return for a commission, salary or retainer plus commission.
EXPORT MERCHANT	A producer or merchant who sells directly to a foreign purchaser without going through an intermediate such as an export broker.
EXPORT RATE	A freight rate specially established for application on export traffic and generally lower than the domestic rate.
EXPORT TRADE CERTIFICATE OF REVIEW	A certification of partial immunity from antitrust laws that can be granted based on ETCA legislation by the Department of Commerce with Department of Justice concurrence. Any prospective or existing exporter may apply by filling out the appropriate form describing the anticipated method of trade and other trade activities.

EXPORT TRADING COMPANY (ETC)	A firm set up for the purpose of exporting under the Export Trading Act 1982 and is similar or identical to an export management company.
EXPORT TRADING COMPANY ACT (ETCA)	The law passed on October 8, 1982, creating a special legal status for Export Trading Companies. It established an Office of Export Trading Company Affairs in Commerce, permitted bankers' banks and bank holding companies to invest in ETC's, reduced the restrictions on export financing provided by financial institutions, and modified the application of the antitrust laws to certain export trade.
EX WORKS (EXW)	(...named place) - An international commercial term which means that the seller fulfills his obligation to deliver when he has made the goods available at his premises (i.e. works, factory, warehouse, etc.) to the buyer. In particular, he is not responsible for loading the goods on the vehicle provided by the buyer or for clearing the goods for export, unless otherwise agreed. The buyer bears all costs and risks involved in taking the goods from the seller's premises to the desired destination. This term thus represents the minimum obligation for the seller.
FACTORING	A method used by businesses, including trading companies, to obtain cash for discounted accounts receivables or other assets.
FACTORING HOUSES	Financing companies that purchase export account receivables for a discount.
FREE ALONGSIDE SHIP (FAS)	(...named port of shipment) - An international commercial term which means that the seller fulfills his obligation to deliver when the goods have been placed alongside the vessel on the quay or in lighters at the named port of shipment. This means that the buyer has to bear all costs and risks of loss of or damage to the goods from that moment. The FAS term requires the buyer to clear the goods for export. It should not be used when the buyer cannot carry out directly or indirectly the export formalities. This term can only be used for sea or inland waterway transport.
FREE CARRIER (FCA)	(...names place) - An international commercial term which means that the seller fulfills his obligation to deliver when he has handed over the goods, cleared for export, into the charge of the carrier named by the buyer at the named place or point. Carrier means any person who, in a contract of carriage, undertakes to perform or to procure the performance of carriage by rail, road, sea, air, inland waterway or by any combination of these modes. If the buyer instructs the seller to deliver the cargo to a person, e.g. a freight forwarder who is not a carrier, the seller is deemed to have fulfilled his obligation to deliver the goods when they are in the custody of that person.
FOREIGN CREDIT INSURANCE ASSOCIATION (FCIA)	A private insurance association that provides insurance to U.S. exporters.
FULL CONTAINER LOADS (FCL)	(20-ft., 40-ft., 40-ft. high cube, 45-ft., etc.).
FREE IN (FI)	A pricing term indicating that the charterer of a vessel is responsible for the cost of loading goods onto the vessel.
FREE IN AND OUT (FIO)	A pricing term indicating that the charterer of a vessel is responsible for the cost of loading and unloading goods from the vessel.

FLOATING POLICY	See Open insurance policy.
FREE OUT (FO)	A pricing term indicating that the charterer of a vessel is responsible for the cost of unloading goods from the vessel.
FREE ON BOARD (FOB)	(...named port of shipment) - An international commercial term which means that the seller fulfills his obligation to deliver when the goods have passed over the ship's rail at the named port of shipment. This means that the buyer has to bear all costs and risks of loss of or damage to the goods from that point. The FOB term requires the seller to clear the goods for export. This term can only be used for sea or inland waterway transport. When the ship's rail serves no practical purpose, such as in the case of roll-on/roll-off or container traffic, the FCA term is more appropriate to use.
FOB FREIGHT ALLOWED	The same as FOB names inland carrier, except the buyer pays the transportation charge and the seller reduces his invoice by a like amount.
FOB FREIGHT PREPAID	The same as FOB named inland carrier, except the seller pays the freight charges of the inland carrier.
FOB NAMED POINT OF EXPORTATION	Seller is responsible for placing the goods at a named point of exportation at the seller's expense. Some European buyers use this form when they actually mean FOB vessel.
FOB VESSEL	Seller is responsible for goods and preparation of export documentation until actually placed aboard the vessel.
FORCE MAJEURE	The title of a standard clause in marine contracts exempting the parties for non-fulfillment of their obligations as a result of conditions beyond their control, such as earthquakes, floods, or war.
FOREIGN BRANCH OFFICE	A sales (or other) office maintained in a foreign country and staffed by direct employees of the exporter.
FOREIGN CREDIT INSURANCE ASSOCIATION (FCIA)	An association of fifty insurance companies which operate in conjunction with the EXIMBANK to provide comprehensive insurance for exporters against nonpayment. FCIA underwrites the commercial credit risks. EXIMBANK covers the political risk and any excessive commercial risks.
FOREIGN EXCHANGE	The currency or credit instruments of a foreign country. Also, transactions involving purchase or sale of currencies.
FOREIGN FREIGHT FORWARDER	See Freight forwarder.
FOREIGN SALES AGENT	An individual or firm that serves as the foreign representative of a domestic supplier and seeks sales abroad for the supplier.

FOREIGN SALES CORPORATION (FSC)	The Reagan Administration initiated the proposal for Foreign Sales Corporations (FSCs) which replaces DISCs. Under the proposal, to qualify for special tax treatment, a FSC must be a foreign corporation, maintain an office outside the U.S. territory, maintain a summary of its permanent books of account at the foreign office, and have at least one director resident outside of the U.S. A portion of the foreign sales corporation's income (generally corresponding to the tax deferred income of a DISC) is exempt from U.S. tax at both the FSC and the U.S. Corporate parent levels. This exemption is achieved by allowing a domestic corporation that is a FSC shareholder a 100 percent deduction for a portion of dividends received from a FSC attributable to economic activity actually conducted outside the U.S. customs territory. Interest, dividends, royalties, or other investment income of a FSC are subject to U.S. tax.
FOREIGN TRADE ZONE	A free port in the United States divorced from Customs authority but under federal control. Merchandise, except that which is prohibited, may be stored in the zone without being subjected to the United States tariff regulations.
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.
FOUL BILL OF LADING	A receipt for goods issued by a carrier with an indication that the goods were damaged when received. Compare Clean bill of lading.
FREE OF CAPTURE AND SEIZURE (FC&S)	An insurance clause providing that loss is not insured if due to capture, seizure, confiscation and like actions, whether legal or not, or from such acts as piracy, civil war, rebellion and civil strife.
FREE OF PARTICULAR AVERAGE (FPA)	A marine insurance clause providing that partial loss or damage is not insured. American conditions (F.P.A.A.C.): Partial loss not insured unless caused by the vessel being sunk, stranded, burned, on fire, or in collision. English conditions (F.P.A.E.C.): Partial loss not insured unless a result of the vessel being sunk, stranded, burned, on fire, or in collision.
FREE PORT	One which is open to all traders on equal terms and in which goods may be stored duty-free while awaiting re-export or sale within the country where the port is located.
FREE-TRADE ZONE	A port designated by the government of a country for duty-free entry of any non-prohibited goods. Merchandise may be stored, displayed, used for manufacturing, etc., within the zone and re-exported 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.
FREIGHT FORWARDER	An independent business that handles export shipments for compensation. (A freight forwarder is among the best sources of information and assistance on U.S. export regulations and documentation, shipping methods, and foreign import regulations.)
GROUP OF SEVEN (G-7)	Seven industrial countries - the United States, Japan, Germany, France, the United Kingdom, Italy, and Canada - whose leaders have met at annual economic summits since 1975 to coordinate economic policies.

GENERAL AGREEMENT ON TARIFFS AND TRADE (GATT)	Signed in 1947, the GATT was a formal multilateral agreement aimed at expanding and liberalizing world trade. The rules of GATT provided specific discipline over the use of trade barriers and helped reduce confusion and uncertainty in the international trade arena. The GATT also provided a forum in which countries resolved trade disputes and negotiated progressive liberalization of tariff and non-tariff barriers. The World Trade Organization, the successor to GATT, came into existence on January 1, 1995. (See Uruguay Round, World Trade Organization.)
GENERAL AGREEMENT ON TRADE IN SERVICES (GATS)	This agreement, a part of the Uruguay Round, is designed to promote more open laws and regulations, provide national treatment to service providers, set up dispute settlement and enforcement procedures, and provide for progressive liberalization through future trade rounds. A GATS Financial Service Annex is being negotiated.
GENERAL AVERAGE	A deliberate loss or damage to goods in the face of a peril, which sacrifice is made for the preservation of the vessel and other goods. The owners of the saved goods share the cost of the loss.
GENERAL EXPORT LICENSE	Any of various export licenses covering export commodities for which Individually validated export licenses are not required. No formal application or written authorization is needed to ship exports under a general export license.
GENERAL LICENSE (EXPORT)	Authorization to export without specific documentary approval.
GENERAL LICENSE, LIMITED VALUE (GLV)	Authorization to export a limited value amount of goods without specific documentary authorization.
GENERAL ORDER	Merchandise for which proper entry has not been made within five working days after arrival is sent to a general order warehouse. All costs are at the expense of the importer.
GENERALIZED SYSTEM OF PREFERENCES (GSP)	A system of tariff preferences designed to encourage the expansion of manufactured and semi-manufactured export from developing countries. It is part of the tariff structures of numerous developed countries.
GROSS DOMESTIC PRODUCT (GDP)	The value of all goods and services produced in a country during a specified time period. (See Value added.)
GROSS WEIGHT	The full weight of a shipment, including goods and packaging, Compare Tare weight.
HARD CURRENCY	Any currency which enjoys a high degree of international convertibility.
HEDGING	The sale or purchase of foreign exchange, usually on a forward basis, in order to avoid a loss in the event of an unfavorable change in the foreign exchange rate. Such action naturally also acts to preclude windfall profits when rates move in a favorable direction. Hedging is simply a mechanism for transferring some or all undesired or speculative foreign exchange rate risks to banks (and others) that make such risk management their livelihood.

HORIZONTAL ETC	An ETC which exports a range of similar or identical products supplied by a number of manufacturers or other producers. Webb-Pomerene Organizations, trade-group organized ETC's, and ETC's formed by an association of agricultural cooperatives are the prime examples of horizontally organized ETC's.
IMPORT	To bring foreign goods into a country. In international sales, the importer is usually the buyer or an intermediary who accepts and transmits goods to the buyer.
IMPORT LICENSE	A document required and issued by some national governments authorizing the importation of goods into their individual countries.
INDENT	A requisition for goods, enumerating conditions of the sale. Acceptance of an indent by a seller constitutes his agreement to the conditions of the sale.
INDENT EXPORTING	Sale by the exporter to the buyer through a domestically located intermediary.
INDIRECT CARRIER	Transportation line that hauls export or import traffic between ports and inland points.
INDIVIDUALLY VALIDATED EXPORT LICENSE	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.
INHERENT VICE	Insurance term referring to any defect or other characteristics of a product that could result in damage to the product without external cause. Insurance policies may specifically exclude losses caused by inherent vice.
INLAND BILL OF LADING	Bills of lading used in transporting goods over-land 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 Airway bill, Ocean bill of lading, and Through bill of lading.
INLAND CARRIER	Transportation lines that haul export or import traffic between ports and inland points.
INTELLECTUAL PROPERTY	A general term that describes inventions or other discoveries that have been registered with government authorities for sale or use by their owner. Intellectual property includes patents, trademarks, copyrights, and unfair competition.
INTELLECTUAL PROPERTY RIGHTS (IPR)	In general, the right to possess or control the use of intellectual property, such as trademarks, copyrights, patents, trade secrets, and semiconductor mask works.
INTERNATIONAL FREIGHT FORWARDER	See Freight forwarder.
INTERNATIONAL AND TERRITORIAL OPERATIONS	In general, operations outside the territory of the United States, including operations between U.S. points separated by foreign territory or major expanses of international waters.

INTERNATIONAL MONETARY FUND (IMF)	Established in 1945, the IMF is a permanent forum for its member countries (179 as of December 15, 1994) to coordinate economic and financial policies. The purpose of the IMF is to assist in the expansion of stable world trade while continuing to monitor exchange rate policies of member countries. As needed, member countries are able to acquire financial resources to aid their economic adjustment policies.
INTERNATIONAL TRADE ADMINISTRATION (ITA)	The ITA is a division of The Department of Commerce designed to promote world trade and to strengthen the international trade and investment position of the United States.
IRREVOCABLE LETTER OF CREDIT	A letter of credit in which the bank guarantees the specified payment if all terms and conditions are met by the drawee. Compare Revocable letter of credit.
JOINT VENTURE	An international business collaboration between foreign interests and private parties from the host country (or the host government in some cases) in which two or more parties establish a new business enterprise to which each contributes, and in which ownership and control are shared.
LAY DAYS	The dates between which a chartered vessel is to be available in a port for loading of cargo.
LESS THAN CONTAINER LOADS (LCL)	Rate is usually based on 1,000 kgs., or one cubic meter, whichever generates the most revenue.
LEGAL WEIGHT	The weight of the goods plus any immediate wrappings which are sold along with the goods; e.g., the weight of a tin can as well as its contents.
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, usually the receipt by the bank of certain documents within a given time. With an irrevocable letter of credit you are guaranteed payment if you comply with all the terms and conditions of the letter of credit.
LICENSING	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.
LIGHTER	An open or covered barge towed by a tugboat and used mainly in harbors and inland waterways.
LIQUIDATION	The ultimate determination of the duties due.
LLOYDS' REGISTRY	An organization maintained for the classification of ships so that interested parties may know the quality and condition of the vessels offered for insurance or employment.
MANIFEST	See Ship's manifest.
MANUFACTURER'S EXPORT AGENT	A firm which acts as an export sales agent for several non-competing manufacturers. Business is transacted under the name of the agent firm.

MAQUILA (MAQUILADORA)	Mexican assembly plant located near the U.S.- Mexican border; most production is exported to the United States.
MARINE INSURANCE	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.
MARKING (OR MARKS)	Letters, numbers, and other symbols placed on cargo packages to facilitate identification.
MERCOSUR	Also known as MERCOSUL. The Southern Cone common market of Argentina, Brazil, Paraguay, and Uruguay. MERCOSUR enacted a common external tariff on January 1, 1995 for almost 85 percent of tariff items of the four countries; most trade among members will be duty-free. The four countries are scheduled to impose a common external tariff on all third-country imports by 2006, thus creating a complete customs union, and possibly a common market.
MINI-LANDBRIDGE (MLB)	An alternative service using rail to move cargo/containers from port of discharge on the West Coast to Gulf and East Coast points, or vice versa, rather than moving all-water with vessels calling directly at ports. Results are faster at times, but usually at a higher cost. (This applies to both imports and exports.)
MARKET ORIENTED SECTOR SPECIFIC (MOSS) NEGOTIATIONS	Sectoral trade negotiations between the governments of the United States and Japan. As of 1995, the only active MOSS negotiations dealt with medical equipment and technology. Remaining MOSS talks occur under the Framework Agreement.
MOST FAVORED NATION (MFN)	The policy of non-discrimination in trade policy that provides to all trading partners the same customs and tariff treatment given to the so-called "most favored nation."
MULTILATERAL AGREEMENT	An international contract involving three or more parties.
NET WEIGHT (ACTUAL NET WEIGHT)	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.
NEWLY INDUSTRIALIZED ECONOMY (NIE)	A developing economy that has reached a relatively advanced stage of economic growth and has experienced rapid growth of GDP, industrial production, and exports in recent years. The term was first applied to Hong Kong, Singapore, South Korea, and Taiwan, but it is often extended to other countries. Also known as NIC (Newly Industrialized Country).
NEWLY INDEPENDENT STATES (NIS)	Twelve of the republics of the former Soviet Union: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan.
NON-VESSEL OPERATING COMMON CARRIER (NVOCC)	A cargo consolidator of small shipments in ocean trade, generally soliciting business and arranging for or performing containerization functions at the port.
NORTH AMERICAN FREE TRADE AGREEMENT (NAFTA)	Agreement creating a free trade area among the United States, Canada, and Mexico, with a total population of more than 380 million and a combined GDP of \$7.5 trillion. NAFTA went into effect on January 1, 1994.

OCEAN BILL OF LADING	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 Airway bill, Inland bill of lading, and Through bill of lading.
ON BOARD	When the B/L is stamped "on Board," the carrier is certifying that the cargo has been placed aboard the named vessel. This B/L requires the signature of the captain or the captain's representative. On draft of letter of credit transactions an on board B/L is usually required for the bank to release funds to the shipper.
ON BOARD BILL OF LADING	A bill of lading in which a carrier certifies that goods have been placed on board a certain vessel.
OPEN ACCOUNT	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.
OPEN INSURANCE POLICY	A marine insurance policy that applies to all shipments made by an exporter over a period of time rather than to one shipment only.
OVERSEAS PRIVATE INVESTMENT CORPORATION (OPIC)	A wholly owned government corporation designed to promote private U.S. investment in developing countries by providing political risk insurance and some financial assistance.
ORDER BILL OF LADING	A negotiable bill of lading made out to the order of the shipper.
ORGANIZATION FOR ECONOMIC COOPERATION AND DEVELOPMENT (OECD)	The OECD is a group of 25 industrialized countries whose objectives are to promote members' economic and social welfare and to stimulate and harmonize members' economic development efforts in developing countries. The OECD was established in 1961 and its headquarters are in Paris.
ORGANIZATION OF PETROLEUM EXPORTING COUNTRIES (OPEC)	An association of 12 oil-exporting countries: Algeria, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates, and Venezuela. Formed in 1960, its major purpose is to coordinate the petroleum production and pricing policies of its members.
PACKING LIST	A list showing the number and kinds of items being shipped, as well as other information needed for transportation purposes.
PAR VALUE	The official rate of exchange for a currency, as registered with international bodies, such as the IMF (International Monetary Fund). Actual foreign exchange trading frequently takes place within "bands" (e.g. +/-1%) around par values. However, market forces have increasingly influenced real currency values as manifested by today's multitude of "floating rates."
PARCEL POST RECEIPT	The postal authorities' signed acknowledgment of delivery to receiver of a shipment made by parcel post.
PARTICULAR AVERAGE	Partial loss or damage to goods.

PATENT	A government grant of certain rights given to an inventor for a limited time in exchange for the disclosure of the invention. The most important of these rights is that the patented invention can be made, used or sold only with the authorization of the patent owner.
PRIVATE EXPORT FUNDING CORPORATION (PEFCO)	A corporation that lends to foreign buyers to finance exports from the United States.
PERILS OF THE SEA	A marine insurance term used to designate heavy weather, stranding, lightning, collision, and water damage.
PHYTOSANITARY INSPECTION CERTIFICATE	A certificate issued by the U.S. Department of Agriculture to satisfy import regulations for foreign countries. It certifies that a U.S. shipment has been inspected and is free from harmful pests and plant diseases.
POLITICAL RISK	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.
PORT OF ENTRY	A port at which foreign goods are admitted into the receiving country.
PORT MARKS	An identifying set of letters, numbers and/or geometric symbols followed by the name of the port of destination, which are placed on export shipments. Foreign government requirements may be exceedingly strict in the matter of port marks.
PRIVATE CODE	A secret code system devised to conceal the contents of a message and to reduce the number of words required in a cablegram.
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, etc.).
PROCURING AGENT	See Purchasing Agent.
PROHIBITED IMPORTS	Merchandise which might not be imported into the United States because of its nature or origin.
PUBLIC STORES	Government property used for the examination of merchandise prior to the release from Customs custody.
PURCHASING AGENT	An agent who purchases goods in his or her own country on behalf of foreign importers such as government agencies and large private concerns.
QUOTA	The quantity of goods of a specific kind that a country permits to be imported without restriction or imposition of additional duties.
QUOTATION	An offer to sell goods at a stated price and under specified conditions.
RATE OF EXCHANGE	The basis upon which money of one country will be exchanged for that of another.
REAL DOLLARS	See Constant dollars.
RECOURSE	The rights of a holder to force prior endorsers to meet their legal obligations to pay on a negotiable instrument if it is dishonored by the maker or acceptor.

REMITTANCE	The forwarding of money from one party to another in the form of cash or by a negotiable instrument.
REMITTING BANK	The bank that sends the draft to the overseas bank for collections.
REPRESENTATIVE	See Foreign sales agent.
REVOCABLE LETTER OF CREDIT	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.
REVERSE INTERMODAL POINTS INLAND (RIPI)	Inland trucking points using all-water service.
SOCIETE ANONYME (S.A.)	French expression meaning a corporation.
SALES REPRESENTATIVE	An agent who distributes, represents, services, or sells goods on the behalf of foreign sellers.
SCHEDULE B	Refers to Schedule B, Statistical Classification of Domestic and Foreign Commodities Exported from the United States. All commodities exported from the United States must be assigned a seven-digit Schedule B number.
SEA/AIR	A combination of sea and air freight service to meet time-definite needs.
SHERMAN ACT	This act prohibits any contract, combination, or conspiracy that (1) unreasonably interferes with the ordinary and freely competitive pricing or distribution system of the open-market in interstate trade or (2) has a direct, substantial, and reasonably foreseeable effect on domestic trade or commerce or on the export commerce of a person engaged in such commerce in the U.S.
SHIPPERS EXPORT DECLARATION (SED)	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.
SHIPPERS SUMMARY EXPORT DECLARATION	Shippers who meet certain criteria can use this document to report on a monthly basis rather than include a SED each time shipment is made.
SHIP'S MANIFEST	An instrument in writing, signed by the captain of a ship that lists the individual shipments constituting the ship's cargo.
SIGHT DRAFT (S/D)	A sight draft is used when the seller wished to retain control of the shipment, either for credit reasons or for the purpose of title retention. Money will be payable at sight of the completed documents.
SOFT CURRENCY	Currency which is not fully convertible to all currencies but only perhaps to some other "weak" currencies.
SPECIAL DRAWING RIGHTS (SDRs)	Created by the International Monetary Fund as a supplemental international monetary reserve, asset based on a basket of currencies - the U.S. dollar, the German mark, the French franc, the Japanese yen, and the British pound.
SPOT EXCHANGE	The purchase or sale of foreign exchange for immediate delivery.

STALE	A B/L is termed "stale" when the exporter or his or her agent does not present the B/L to the issuing bank under a letter of credit transaction within a reasonable time after its date. The requirement is such that the B/L arrives at the port of importation before the steamer arrives.
STANDARD INDUSTRIAL CLASSIFICATION (SIC)	A standard numerical code system used by the U.S. government to classify products and services.
STANDARD INTERNATIONAL TRADE CLASSIFICATION (SITC)	A standard numerical code system developed by the United Nations to classify commodities used in international trade.
STATE-CONTROLLED TRADING COMPANY	In a country with a state trading monopoly, a trading entity empowered by the country's government to conduct export business.
STEAMSHIP CONFERENCE	A group of steamship operators that operate under mutually agreed-upon freight rates. A shipper may receive reduced rates if the shipper enters into a contract to ship on vessels of conference members only.
STERLING BLOC	The British Commonwealth countries that fixed the price of sterling used in foreign exchange. With a fixed price, sterling was not readily convertible to other currencies. This resulted in trade within the bloc being favored.
STRAIGHT BILL OF LADING	A non-negotiable bill of lading in which the goods are consigned directly to a named consignee.
STRIKES, RIOTS AND CIVIL COMMOTIONS (SR&CC)	A term referring to an insurance clause excluding insurance of loss caused by labor disturbances, riots, and civil commotion or any person engaged in such actions.
SUE AND LABOR CLAUSE	A provision in marine insurance obligating the assured to do those things necessary after a loss to prevent further loss and to act in the best interests of the insurer.
SWAPS	The purchasing of foreign exchange for spot delivery, with the simultaneous sale of equivalent foreign exchange for forward delivery.
SWITCH TRANSACTIONS	The practice of exporting (or importing) goods through an intermediary country to final destination. This is done when the destination country is short of U.S. dollars and the intermediary country has available U.S. dollars and is willing to exchange for the destination country's currency on goods. Switch transactions must be performed within the various laws concerning export licenses.
TARE WEIGHT	The weight of a container and packing materials without the weight of the goods it contains. Compare Gross weight.
TARIFF	A duty or tax imposed on imports.
TARIFF SCHEDULES OF THE UNITED STATES (TSUS)	A standard numerical system used by the U.S. Customs Bureau to classify imports and exports.
TENOR (OF A DRAFT)	Designations of a payment as being due at sight, a given number of days after sight, or a given number of days after date.

THROUGH BILL OF LADING	A single bill of lading converting both the domestic and international carriage of an export shipment. An airway bill, 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 Airway bill, Inland bill of lading, and Ocean bill of lading.
TIME DRAFT	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.
TRADE AND DEVELOPMENT PROGRAM (TDP)	A program designed to promote economic development in the Third World and the sale of U.S. goods and services to these developing countries. It operates as part of the International Development Cooperative Agency.
TRADE MISSION	A mission to a foreign country organized to promote trade through the establishment of contacts and exposure to the commercial environment. Federal, State, or local agencies frequently organize them.
TRADEMARK	Any work, name or symbol that is used in trade to distinguish a product from other similar goods (e.g., "Ford"). Trademark laws are used to prevent others from making a product with a confusingly similar mark. Similar rights may be acquired in marks used in the sale of advertising of services (service marks).
TRAMP STEAMER	A ship not operating on regular routes or schedules.
TRANSACTION STATEMENT	A document that delineates the terms and conditions agreed upon between the importer and exporter.
TRUST RECEIPT	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.
TURNKEY	A method of construction whereby the contractor assumes total responsibility, from design through completion of the project.
UNFAIR COMPETITION	A term defining legal standards of business conduct. It provides protection against such things as simulation of trade packaging, using similar corporate and professional names, misappropriation of trade secrets and palming off one person's goods as those of another.
URUGUAY ROUND	Eighth round of multilateral trade negotiations held under the GATT's auspices. The talks began in Uruguay in September 1986 and concluded successfully in December 1993. The round resulted in a comprehensive agreement liberalizing trade in goods and services that came into force January 1, 1995.
U.S. CANADA FREE TRADE AGREEMENT (CFTA OR FTA)	Implemented in January 1989 to eliminate all tariffs on U.S. and Canadian goods by January 1998 and to reduce or eliminate many non-tariff barriers.

VALIDATE EXPORT LICENSE	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 with “General export license.”
VALUE ADDED	The difference between the value of goods produced and the cost of materials and services purchased to produce them. It includes wages, interest, rent, and profits. The sum of value added of all sectors of the economy equals GDP.
VALUE ADDED TAX	An indirect tax on consumption that is levied at each discrete point in the chain of raw material, production, distribution, and final consumption. Each processor pays a tax proportional to the amount by which the value of the goods purchased for resale is increased. The value-added tax is imposed throughout the European Economic Committee (EEC).
VERTICAL ETC	An ETC that sells a diverse range of products overseas. The mix can range from agricultural commodities to high technology products. It is not organized around product line or specific industry.
VOLUNTARY RESTRAINT AGREEMENT (VRA)	An arrangement whereby an exporting country agrees to reduce or restrict export without the importing country having to enact import controls. These agreements are generally under taken to avoid action by the importing country against imports that might injure or in some way threaten the positions of domestic firms in the exporting industry in question. Also referred to as a “voluntary export restraint” or an “orderly marketing agreement.”
WAR RISK INSURANCE	Separate insurance coverage for loss of goods which results from any act of war. This insurance is necessary during peacetime due to objects, such as floating mines, left over from previous wars. War risk insurance in the United States is underwritten exclusively through the American Cargo War Risk Reinsurance Exchange, a group formed to share the extreme losses possible.
WAREHOUSE RECEIPT	A receipt issued by a warehouse listing goods received for storage.
WEATHER WORKING DAY	A day when reasonable weather conditions prevail to allow normal working of the vessel.
WEBB-POMERENE ASSOCIATION	Institutions engaged in exporting that combines the products of similar producers for overseas sales. These associations have partial exemption from U.S. anti-trust laws but may not engage in third country trade.
WEIGHTED AVERAGE	An average that reflects the underlying quantities of its components. Or example, whereas the average per capita GDP of European countries would treat Portugal and Germany equally, the weighted-average per capita GDP would reflect Germany’s greater population.
WESTERN HEMISPHERE TRADE CORPORATION	A domestic (U.S.) corporation whose business is one in any country of North, South or Central America or the West Indies, and which usually receives certain tax advantages.
WHARFAGE	A charge assessed by a pier or dock owner for handling incoming or outgoing cargo.

**WITH PARTICULAR
AVERAGE (W.P.A.)**

An insurance term meaning that partial loss or damage to goods is insured. Generally must be caused by seawater. May have a minimum percentage of damage before payment. May be extended to cover loss by theft, pilferage, delivery, leakage and breakage.

WITHOUT RESERVE

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.

WORLD BANK

The World Bank began operations in 1946 as a companion organization to the International Monetary Fund. Its main purposes are to lend funds at commercial rates, in addition to providing technical and policy assistance to foster the economic development of its poorer member countries. Formally known as the International Bank for Reconstruction and Development.

**WORLD TRADE
ORGANIZATION (WTO)**

Created by the Uruguay Round and successor to the GATT, this new organization began operations on January 1, 1995. It has expanded authority to oversee international trade.

**WORLD TRADERS DATA
REPORTS**

Reports issued by the Bureau of International Commerce of the U.S. Department of Commerce that give credit-type information on individual foreign firms regarding the type of organization, method of operation, sales volumes, territory, product lines, etc.