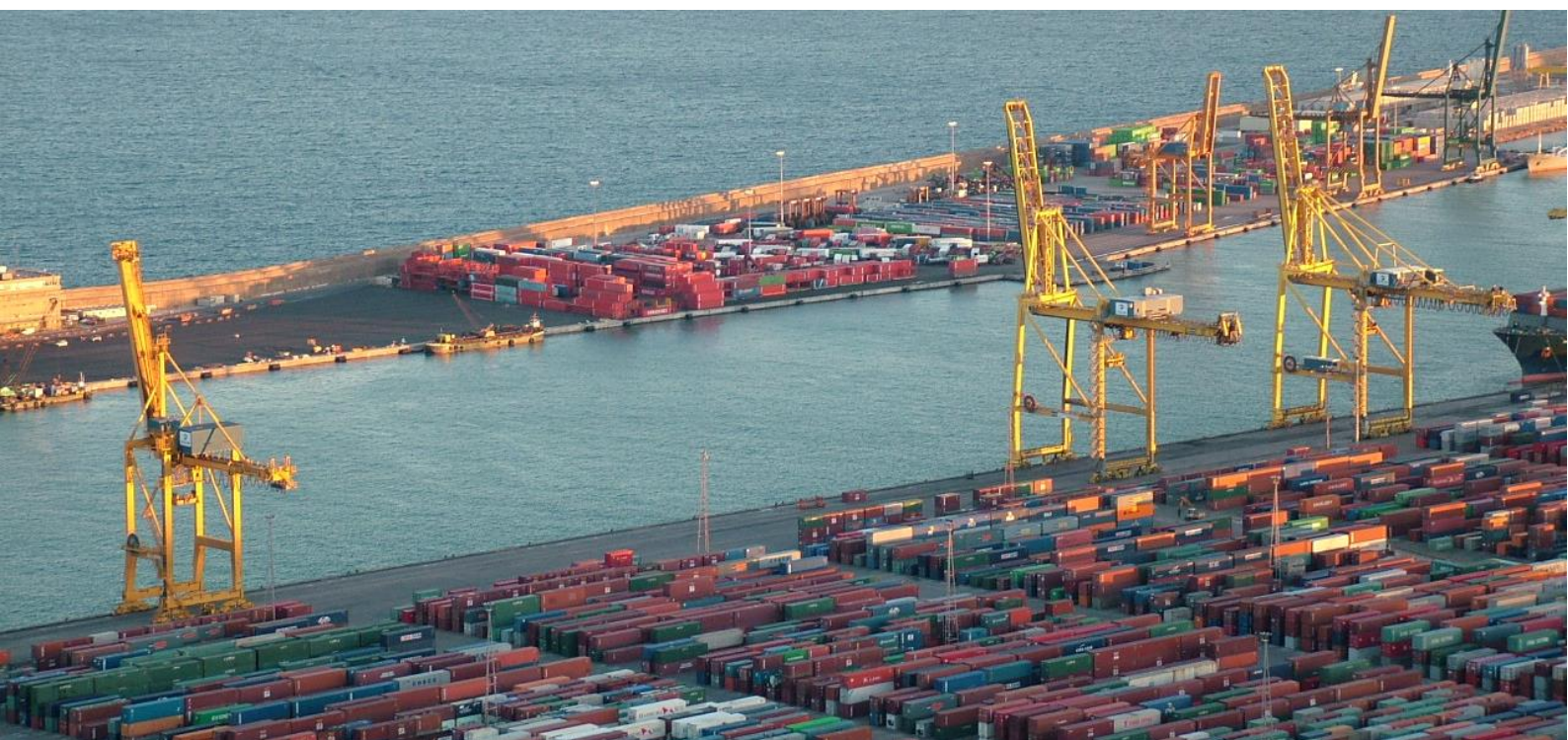


Jargon Buster

Haulage Industry Terms, and what they mean



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Haulage Industry Term Jargon Buster

Almost every industry has its own jargon: those phrases and acronyms that might as well be Martian to those with no experience. Well, today, we're going to try and decipher those terms in our own industry. This is our haulage industry jargon buster.

✓ A

✓ B

✓ C

✓ D

✓ E

✓ F

✓ G

✓ H

✓ I

✓ L

✓ M

✓ N

✓ O

✓ P

✓ Q

✓ R

✓ S

✓ T

✓ U

✓ V

✓ W

A

✓ **Ad valorem**

According to value (for more detail, see **Duty**).

✓ **Air waybill**

A bill of lading (for more detail, see **Bill of Lading**) designed to cover both domestic and international flights carrying good to a specific end destination.

✓ **Anti-dumping**

When a company exports a product at a lower price than it would normally be charged for in their own market, then they are considered to be 'dumping' the product. Anti-dumping measures may be put in place by member countries of the World Trade Organisation to prevent products being dumped on their markets.

✓ **ATA**

The admission temporaire or temporary export, used in conjunction with the term **carnet**.

B

✓ **Bill of Exchange**

This is a written document which dictates by which point a supplier is guaranteed payment of a specified amount by a drawee. The deadline date is fixed, with the drawee generally the end customer (though it can also be the customer's bank if the bill is used with a term letter of credit). Drawees are legally liable for payment once they've agreed to the transaction.

✓ **Bill of Lading**

This document is generally issued by a shipper, and acts a receipt for goods received for carriage. It also provides evidence of the terms agreed by a shipper and a transport company when goods are moved. The bill of lading also acts as a transferable document, allowing goods to be bought and sold simply by exchange of the bill. (See also, **Air waybill**).

✓ **Bonded Warehouse**

A warehouse authorised by customs for storing goods on which payment of duty is deferred until the date that the goods leave the warehouse.

✓ **British International Freight Association (BIFA)**

The body responsible for representing the UK freight services industry.

✓ **British Trade International**

The government body operated by the Department of Trade and Industry and the Commonwealth Office in order to promote trade development and promotion within the UK.

C

✓ **Carnet**

A customer's document which allows the user to carry or send goods into certain countries in order to be used for demonstration or display purposes. The carnet permits the user to not pay duty or post a bond on the goods.

✓ **CIA**

Standing for cash in advance, the notification that full payment for the exported is expected before the shipment is made.

✓ **CWO (Cash with order)**

The term used for when the buyer pays for goods whilst ordering, with the transaction binding on both supplier and customer.

✓ **Certificate of inspection**

The document certifying that goods were in excellent condition before shipping. Most commonly used when shipping certain types of goods, such as perishable items.

✓ **Certificate of insurance**

Documentation confirming that insurance cover has been arranged for the goods being exported. This should contain details such as the degree of cover and the policy number, as well as any other relevant points.

✓ **Certificate of manufacture**

A statement certifying that the manufacture of the goods has been completed, and that they can be sold.

✓ **Certificate of origin**

A statement on the origin of the goods, which may be necessary if a product is being exported to particular countries: Certificates of origin are available from your Chamber of Commerce.

✓ **CFR**

The standard incoterm for Cost and Freight. See **Incoterms**.

✓ **CIF**

The standard incoterm for cost, insurance and freight. See **Incoterms**.

✓ **CIP**

The standard incoterm for CIP. Carriage and insurance paid to (name of destination).

✓ **Consignment**

Goods may be exported subject to consignment, the exporter only being paid on completed sales. Any unsold items can be returned to the exporter, sometimes at their own expense.

✓ **Consolidator**

A company issuing bills of lading for the carriage of cargo on vessels or aircraft.

✓ **Convertible currency**

Currency that can be bought and sold for other currencies at will.

✓ **Correspondent bank**

A bank that handles the business of a foreign bank in their own country.

✓ **CPT**

The incoterm for carriage paid to.

✓ **Customs commodity code**

An eight-digit commodity code which is required for exports outside the EU.

✓ **CFSP**

The customs freight simplified procedures are electronic declaration methods designed to simplify customer procedures for clearing non-EU imported goods.

D

✓ **DAP**

The incoterm for Delivered at Place.

✓ **DAT**

The incoterm for Delivered at Terminal

✓ **DDP**

The incoterm for Delivered Duty Paid.

✓ **Duty**

If you're bringing goods in to the UK, then you may be required to pay import duty, especially if the goods are not in free circulation with the EU.

E

✓ EFTA

The European Free Trade Association whose members are Iceland, Norway, Liechtenstein and Switzerland.

✓ ECSI

Export Cargo Shipping Instruction. This is issued by exporters to the freight forwarder or carrier, informing them about the goods and any relevant terms and conditions.

✓ ECGD

The UK's official export credit agency, responsible for helping manufacturers and investors trade overseas through the provision of insurance and financial protection against non-payment.

✓ Export packing list

This list is attached to the outside of package being shipped, and details the weight, volume and type of cargo being sent.

✓ Export preferences

These are the preferential rates of duty charged on certain goods exported from the UK, and allow the buyer to benefit from a lower or zero rate of customs duty.

✓ EXW

The incoterm for Ex Work.

F

✓ **FAS**

The incoterm for Free Alongside Ship.

✓ **FCA**

The incoterm for Free Carrier.

✓ **FOB**

The incoterm for Free On Board.

✓ **Forwarding agent**

The majority of smaller importers will use a forwarding agent in order to handle customs clearance for goods coming into the UK from outside the EU.

✓ **Forward foreign exchange contract**

This allows exporters to hedge against the risk of adverse rate movements by selling a bank a particular foreign currency at a fixed future date.

✓ **Free circulation**

Certain goods are considered to be in free circulation through the EU if they originate from an EY country, or have already been imported - with all customs charges paid – into an EU country.

✓ **Free trade zone**

This is a port designated by their country's government for the duty-free entry of non-prohibited goods.

✓ Freight Forwarder

A freight forwarder is responsible for quoting for freight costs and other charges, and will prepare most of the freighting and customs documents, as well as arranging marine insurance and taking care of other specifics.

G

✓ Groupage

On some occasions, exporters of small consignments will have them shipped together with others in order to fill a whole container heading to a particular destination. This can be a cheap substitute.

H

✓ HMRC

Her Majesty's Revenue & Customs are responsible for collecting VAT and other taxes and custom duties. It's also responsible for preventing any illegal items from being imported.

I

✓ **Import License**

Some countries will require importers to have an import license for certain goods.

✓ **Incoterms (International Commercial Terms)**

These are the agreed rules that set out the delivery terms for goods that are traded internationally. The current Incoterms – of which there are thirteen – were put in place in 2000.

✓ **Intrastat**

This is the system used for collecting stats on the goods traded between the member states of the EU.

✓ **IPR**

Inward Processing Relief is put in place for those seeking to re-export goods after they've been initially imported and processed. It means that VAT and duty only become payable if you decide to sell the goods in the UK.

L

✓ **Letter of credit**

This is a banking mechanism that allows importers to offer secure terms to exporters.

M

✓ **Marine insurance**

A form of Warehouse-to-Warehouse insurance designed to cover losses that exporters are unable to recover from the carrier. Actually covers all transport modes, despite the name.

✓ **MTS**

The Multilateral Trading System is the name for the processes through which large numbers of countries agree to trade with each other.

N

✓ **NCTS**

HMRCs own computerised transit system, which was first introduced in 2003.

✓ **NES**

HMRCs own export system, which was introduced in 2002.

O

✓ **Open accounts**

This is a form of trade arrangement under which goods are shipped without guarantee of payment to the explorer. Typically, this is only used by exporters who have an established relationship with the buyer, and generally takes place solely within the EU.

✓ **OGIL**

The Open General Import License is available from the Department of Trade and Industry, and allows the import of most goods from outside the EU without the need for licensing formalities. Some goods still require a special license, however.

P

✓ **PSI**

A Pre Ship Inspection takes place in certain countries, where it is considered standard for goods and documents to be examined by an independent agency before they are exported.

✓ **Pro Forma Invoice**

This is a form of invoice typically used when the imported has to either organise foreign exchange or obtain an import license, and is usually sent by the exporter before shipping.

Q

✓ **Quota**

This is the quantity of a particular type of goods that a country will allow to be imported before it begins to levy either duty or restrictions.

R

✓ **Re-exports**

These are goods that are temporarily imported into a country before being exported again. Often, the agent is permitted to reclaim some of the import duty or VAT paid on the goods. However, they will usually be required to comply with special customs control procedures, such as meeting specific warehousing regulations.

S

✓ **SAD**

A Single Administrative Document, also known as a C88, must be completed for all exports, imports and goods that cross the EU.

✓ **SITPRO**

This is a public body designed to help businesses trade more effectively across national borders.

✓ **SIC**

Standard Industrial Classification is the standard numerical code used to classify products and services by the UK government.

✓ **SITC**

The standard international trade classification is developed by the United Nations in order to classify different commodities used in international trade.

T

✓ **Tariff**

This is the customs duties on the imports of goods.

✓ **Tariff quotas**

This is an EU system designed to allow the importation of certain goods at a lower rate of duty, up to a designated threshold.

✓ **TIR**

Transports Internationaux routiers. This is an international system allowing goods to be packed in a container at the point of origin, under customs inspection. It allows the container to pass across all national frontiers, without being opened by customs officers.

U

✓ **UNCTAD**

The United Nations Conference on Trade and Development, which is the main arm of the UN's dealings with trade, investment and development.

V

✓ **VAT**

Value Added Tax is payable on all imports to the UK, at the same rate that it would be if the service or product had been supplied directly within the UK.

W

✓ WTO

The world trade organisation is the intergovernmental organisation which was set up in 1995 in order to negotiate and administer trade agreements as well as to handle disputes and monitor the trade policies of individual nations.



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Thank you for reading

“Jargon Buster: Haulage Industry Terms, and what they mean” was written by Richard Newbold, Managing Partner of [Returnloads.net](https://returnloads.net), the UK’s leading road haulage marketplace. You can follow Richard on [Google+](#).