



Glossary of Shipping Terms

A

Ad Valorem: A Latin term meaning “according to value.” Used in customs duties, where taxes are assessed as a percentage of the declared value of goods.

Advanced Manifest System (AMS): U.S. Customs’ system for receiving cargo declaration information prior to arrival.

Agent: A representative acting on behalf of a carrier, forwarder, or shipper.

All-Risk Insurance: The broadest type of cargo insurance, covering most risks of physical loss or damage.

Arrival Notice: A document sent by the carrier or agent to notify the consignee of the shipment’s arrival.

B

B/L (Bill of Lading): A legal document issued by a carrier to acknowledge receipt of goods for shipment. Serves as a contract of carriage and a document of title.

BAF (Bunker Adjustment Factor): A surcharge to account for fuel price fluctuations.

Break Bulk: Cargo that must be loaded individually, not in containers (e.g., steel beams, machinery).

Broker: A licensed intermediary who arranges transportation or customs clearance.

C

CAF (Currency Adjustment Factor): A surcharge applied to freight rates to offset currency fluctuations.

Carrier: A company that transports goods (e.g., shipping line, airline, trucking firm).

CBM (Cubic Meter): A measurement of cargo volume used for ocean freight pricing.

CFS (Container Freight Station): Facility where LCL (less-than-container load) cargo is consolidated or deconsolidated.

CIF (Cost, Insurance, and Freight): An Incoterm where the seller pays costs, insurance, and freight to the named port of destination.

Consignee: The party receiving the shipment, usually the buyer.

Customs Bond: A financial guarantee that duties, taxes, and penalties will be paid to U.S. Customs.

D

DAP (Delivered at Place): Incoterm where the seller delivers the goods to a named place, ready for unloading.

Demurrage: Charges applied when containers remain at the terminal beyond the free time allowed.

Detention: Charges applied when containers are held outside the port/terminal beyond the free time allowed.

Drayage: Short-distance trucking, often between a port and a nearby warehouse or rail terminal.

Duty: A tax imposed by customs authorities on imported goods.

E

EDI (Electronic Data Interchange): Electronic exchange of shipping and customs documents.

ETA / ETD: Estimated Time of Arrival / Departure.

Ex Works (EXW): Incoterm where the buyer takes responsibility for pickup, transport, and export clearance.

Export License: Government authorization required for the export of certain controlled goods.

F

FAK (Freight All Kinds): A single freight rate applied regardless of the commodity type.

FAS (Free Alongside Ship): Incoterm where the seller delivers goods alongside the vessel at the port of shipment.

FCL (Full Container Load): When one shipper's cargo fills an entire container.

FEU (Forty-Foot Equivalent Unit): A measure of container capacity, equal to one 40-foot container.

FOB (Free on Board): Incoterm where the seller delivers goods onto the vessel at the port of shipment.

G

General Average: A maritime law principle where all cargo owners proportionally share losses from voluntary sacrifices (e.g., jettisoning cargo to save a vessel).

Gross Weight: Total weight of cargo including packaging, container, or pallet.



H

HAWB (House Air Waybill): Issued by a freight forwarder to the shipper for air cargo.

HS Code (Harmonized System Code): International tariff classification number used for customs.

Hazmat (Hazardous Materials): Dangerous goods regulated in transport.

I

IAC (Indirect Air Carrier): A U.S. company certified by TSA to tender cargo on passenger aircraft.

Incoterms: Standardized international trade terms published by the ICC, defining seller/buyer responsibilities.

ISF (Importer Security Filing / “10+2”): A U.S. Customs requirement to file importer data prior to vessel loading.

Import Duty: Tax imposed on goods entering a country.

J

JIT (Just-in-Time): Inventory strategy minimizing stock by timing deliveries closely to production schedules.

K

Kilogram (KG): Unit of mass; common weight measure in air freight rates.

Kitting: Consolidating multiple SKUs into a single shipment or package.

L

LCL (Less-than-Container Load): Cargo that does not fill a full container and is consolidated with other shipments.

Letter of Credit (LC): A financial guarantee from a bank that payment will be made if conditions are met.

Lien: Carrier’s right to hold cargo until freight charges are paid.

Logistics: The management of the flow of goods from origin to destination.



M

Manifest: A detailed list of a vessel's or aircraft's cargo.

MAWB (Master Air Waybill): Issued by the airline for air cargo.

Multimodal Transport: Shipment that uses more than one mode of transport under a single contract.

N

NVOCC (Non-Vessel Operating Common Carrier): A company that issues its own bills of lading and arranges ocean transport without operating vessels.

Notify Party: The party to be notified upon arrival of cargo, often the consignee's agent.

O

OOG (Out-of-Gauge): Cargo that exceeds standard container dimensions.

Overlanded Cargo: Cargo landed at the wrong port or discharged in error.

P

Pallet: A flat platform used for handling cargo.

Packing List: Document listing cargo contents, dimensions, and weight.

Pier Pass: Fee charged at some U.S. ports (e.g., Los Angeles/Long Beach) for terminal use.

Port of Discharge (POD): Port where cargo is unloaded.

Port of Loading (POL): Port where cargo is loaded onto the vessel.

Pro Forma Invoice: Preliminary invoice sent to buyer before shipment.

Q

Quota: A government-imposed limit on the quantity of goods that can be imported/exported.

Quay: Wharf or platform alongside water where ships dock to load/unload cargo.



R

Rate of Exchange (ROE): The exchange rate used to convert freight charges between currencies.

Reefer: Temperature-controlled container for perishable goods.

Roll Over: When cargo is not loaded on its scheduled vessel/flight and moved to the next one.

S

SCAC (Standard Carrier Alpha Code): A unique code assigned to carriers in the U.S. by NMFTA.

Ship's Chandlers: Suppliers of a ship's provisions and equipment.

Short Shipment: Cargo missing from a shipment.

Shipper's Export Declaration (SED): (Now replaced by AESDirect filing) – a form once required by U.S. Customs for exports.

Surcharge: An additional charge applied to freight rates (e.g., peak season surcharge).

T

Tare Weight: The weight of an empty container.

TEU (Twenty-Foot Equivalent Unit): Container capacity measure; one 20-foot container equals 1 TEU.

Terminal Handling Charges (THC): Fees charged for handling cargo at a terminal.

Transshipment: When cargo is moved from one vessel/aircraft to another en route to its final destination.

TSA (Transportation Security Administration): U.S. agency regulating air cargo security.

U

ULD (Unit Load Device): Container or pallet used to load cargo on aircraft.

UN Number: Four-digit code identifying hazardous materials for transport.

V

Valuation Charge: Additional charge for declaring a value of goods higher than standard carrier liability.

Volumetric Weight: A pricing method for air freight based on space occupied, not actual weight.



W

Warehouse Receipt: Document issued by a warehouse acknowledging receipt of goods.

Wharfage: A charge assessed for using a wharf to load/unload cargo.

Waybill: Non-negotiable transport document issued by a carrier.

X

X-Dock (Cross-Dock): Distribution system where inbound cargo is directly transferred to outbound trucks with minimal storage.

Y

Yard: Storage area at a port or terminal for containers.

Yield Management: Carrier strategy to maximize revenue based on demand and capacity.

Z

Zone Rate: A rate applied based on geographic zones rather than distance.

Zone Skipping: Logistics strategy where parcels bypass intermediate hubs to reduce transit time and cost.