

# GLOSSARY OF SHIPPING TERMS

New Horizon Freight Solutions



**Shipping Glossary**  
2024

# General Shipping Terms

**Authorized Economic Operator (AEO):** A program that recognizes companies with a proven track record of customs compliance, offering benefits like expedited clearance.

**Break Bulk:** Separating a large shipment into smaller units for individual delivery.

**Certificate of Origin:** A document stating the country where your goods were made.

**Commercial Invoice:** A document detailing the value, quantity, and description of your goods.

**Consolidation Service:** Combining multiple shipments from different sources into a single container for cost-effective transportation.

**Contract Warehousing:** Dedicated warehouse space leased by a single company for their own inventory.

**Cross-docking:** The unloading of goods from one truck or container directly into another, minimizing storage time.

**Customs Audit:** A review of a company's import/export records by customs authorities.

**Customs Bond:** A financial guarantee that ensures duties and taxes will be paid.

**Customs Clearance:** The process of getting your goods legally imported or exported through a country's customs agency.

**Customs Clearing Agents:** A Customs Clearing Agent, also known as a customs broker, is a licensed professional who plays a crucial role in facilitating the import and export of goods across international borders.

**Customs Duty:** A tax imposed by a government on imported goods.

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**Demurrage and Detention:** Combined term referring to fees charged for exceeding the free time allowed for loading/unloading containers or trailers.

**Drawback:** A partial refund of duties or taxes paid on imported goods that are later exported in a modified form.

**Duty Drawback:** A partial refund of customs duties paid on imported goods that are later exported.

**Entry Summary:** A document filed with customs authorities detailing the imported goods.

**FCL (Full Container Load):** When your shipment fills an entire container.

**Final Delivery Mile:** The last leg of the delivery journey, from the final transportation hub to the recipient's location.

**First-In, First-Out (FIFO):** An inventory management system where the oldest stock is sold or shipped first.

**Flat Rack Container:** A container with collapsible sides for oversized or odd-shaped cargo.

**Free Trade Agreement (FTA):** An agreement between two or more countries to reduce or eliminate customs duties and trade barriers.

**Freight Forwarder:** Acts as an intermediary between you and the transportation companies, arranging and managing the movement of your goods. (Think of them as travel agents for your cargo!)

**Freight Quote:** An estimate of the cost to ship your goods.

**Freight Transportation:** The physical movement of your goods from origin (where it starts) to destination (where it ends).



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**Heavy Lift:** Cargo that is exceptionally large or heavy, requiring specialized equipment for loading and unloading.

**House Bill of Lading (HBL):** Issued by a freight forwarder for cargo consolidated within an FCL container.

**ICD (Inland Clearance Depot):** A facility located inland from a port where customs clearance can be completed.

**Import Permit:** A government license required to import certain goods.

**Inland Clearance Depot (ICD):** A facility located inland from a port where customs clearance can be completed.

**Intermodal Chassis Pool:** A shared pool of trailers used for transporting containers between different modes of transport.

**Intermodal Transportation:** Using multiple modes of transportation (e.g., truck, ship, train) to move goods.

**Just-in-Time (JIT) Inventory:** A warehousing strategy where inventory arrives just as it's needed for production or sale, minimizing storage costs.

**LCL (Less Than Container Load):** When your shipment shares a container with other cargo.

**Last-In, First-Out (LIFO):** An inventory management system where the most recently received stock is sold or shipped first.

**Marine Insurance:** Protects your goods against loss or damage during transportation by sea.

**Multimodal Bill of Lading (MBL):** A document covering the entire transportation journey using multiple modes of transport.

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**Non-Tariff Barriers (NTBs):** Measures other than tariffs that can restrict international trade, such as quotas, licensing requirements, or product safety standards.

**On-Board Courier (OBC):** A person who accompanies high-value or time-sensitive cargo on an airplane.

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**Open Top Container:** A container with a removable top for easier loading of oversized cargo.

**Packing List:** An itemized list of everything in your shipment.

**Particular Average (PA):** Loss or damage to a ship or cargo that is not borne by all cargo owners, but falls on the owner of the affected goods or vessel.

**Pick and Pack:** The process of selecting and packaging individual items from a warehouse for shipment.

**Private Bonded Warehouse:** A warehouse in bond operated by a single company for storing their own imported goods under customs control.

**Proforma Invoice:** An estimated invoice used for customs clearance purposes before the final cost is determined.

**Public Bonded Warehouse:** A type of warehouse in bond that is open to the public for storing imported goods under customs control.

**Public Warehousing:** Warehousing space offered by a third-party logistics (3PL) provider for storage of various client goods.

**Reefer Container:** A refrigerated container for transporting temperature-sensitive goods.

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**Roll-on/Roll-off (RoRo):** A ferry designed for vehicles to be driven on and off.

**Sanctions:** Government restrictions on trade with certain countries or goods.

**Third-Party Logistics (3PL):** A company that provides outsourced logistics services such as warehousing, transportation, and fulfillment.

**Transshipment:** The process of transferring goods from one vessel to another during transport.

**Value-Added Services (VAS):** Additional services offered by warehouses, such as labeling, packaging, light assembly, or kitting (combining components).

**Warehouse in Bond:** A warehouse where duty-deferred goods can be stored until they are cleared for customs or re-exported.

**Warehouse Management System (WMS):** Software used to manage warehouse operations and inventory, including stock levels, order fulfillment, and location tracking.

**Warehouse Control System (WCS):** Software that controls the physical movement of goods within the warehouse, often integrated with the WMS.





# Breakdown of Incoterms

## **E Group (Departure - Seller's Responsibility):**

- **EXW (Ex Works):** Seller makes the goods available at their own premises (origin), and the buyer is responsible for all costs and risks from that point onwards.

## **F Group (Main Carriage Paid - Seller Pays for Main Carriage):**

- **FCA (Free Carrier):** Seller clears the goods for export and hands them over to the carrier chosen by the buyer at a named place (origin). Buyer is responsible for all costs and risks from that point onwards.
- **FOB (Free On Board):** Seller loads the goods onto the buyer's chosen vessel at the named port of loading (origin). Risk transfers to the buyer once the goods are on board the vessel. Buyer is responsible for all costs from that point onwards.
- **CFR (Cost and Freight):** Seller pays for the costs and freight to transport the goods to the named port of destination. Risk transfers to the buyer once the goods are on board the vessel at the origin port. Buyer is responsible for unloading costs, customs clearance, and onward transportation.
- **CIF (Cost, Insurance and Freight):** Similar to CFR, but the seller also pays for insurance against loss or damage during transportation to the named port of destination. Risk transfers to the buyer once the goods are on board the vessel at the origin port. Buyer is responsible for unloading costs, customs clearance, and onward transportation.

## **C Group (Cost Insurance Paid - Seller Pays for Carriage and Insurance):**

- **CPT (Carriage Paid To):** Seller pays for the transportation costs to the named place of destination (can be a port, terminal, etc.). Risk transfers to the buyer upon delivery to the named place. Buyer is responsible for unloading costs, customs clearance, and onward transportation.
- **CIP (Carriage and Insurance Paid To):** Similar to CPT, but the seller also pays for insurance against loss or damage during transportation to the named place of destination. Risk transfers to the buyer upon delivery to the named place. Buyer is responsible for unloading costs, customs clearance, and onward transportation.



# Breakdown of Incoterms

## D Group (Arrival - Buyer's Responsibility):

- **DAP (Delivered At Place):** Seller delivers the goods to the named place of destination (can be a port, terminal, etc.), unloaded from the arriving means of transport. Buyer is responsible for import duties and taxes and any onward transportation.
- **DPU (Delivered at Place Unloaded):** Similar to DAP, but the seller also unloads the goods at the named place of destination. Buyer is responsible for import duties and taxes and any onward transportation.
- **DDP (Delivered Duty Paid):** Seller delivers the goods to the named place of destination (can be the buyer's premises), having cleared them for import. This is the most comprehensive Incoterm, with the seller assuming maximum responsibility. Buyer is only responsible for any additional customs formalities after the goods are delivered.





## Contact Us For Further Questions

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