

GLOSSARY

All Risk Insurance Cover

Where a credit stipulates "insurance against all risks", bank will accept an insurance document which contains any "all risks", bank will accept an insurance document which contains any "all risks" notation or clause, whether or not bearing the heading "all risks".

Acceptance

A draft, payable at a fixed or determinable future date, upon the face of which has been acknowledged in writing the unconditional obligation of the person upon whom it is drawn to pay it at maturity. 1) Bank Acceptance: A draft of which a bank is drawee and acceptor. 2) Trade Acceptance: A draft of which the drawee and acceptor is a mercantile concern. Such an acceptance usually arises from the sale of merchandise.

Acceptance Credit

An acceptance credit is drawn on and accepted by a bank or acceptance house with whom there is no underlying trade transaction and then discounted either with the accepting bank or a third party which could be another bank or discount house.

Accepting Bank

A bank which, by writing "accepted" across the face of a bill of exchange and by signing the bill agrees to pay the face amount of the bill at maturity.

Acceptor

Drawee who signs a bill of exchange and thereby undertakes to pay the bill at its maturity.

Accountee

(See Drawee)

Advance Freight

Freight paid in advance. it enables the shipper to endorse the bill of lading with a freight release and

the importer to take immediate delivery.

Advice of Fate

Collecting banks are to advise fate in accordance with the following rules containing: (i) Form of advice (ii) Method of advice (ii) (a) Advice of payment (b) Advice of acceptance (c) Advice of non-payment or non-acceptance, protest, etc. Such instructions will be given with the original collection form.

Advising Bank

A bank usually operating in the exporter's country, that handles letters of credit for a foreign bank by notifying the export firm that the credit had been opened in its favour. The advising bank fully informs the exporter of the conditions of the letter of credit. It is the duty of the advising bank to verify the credit and advise the beneficiary. The advising bank is the issuing bank's agent and is usually located in the exporter's country.

After Date

When a draft bears this phrase, the time begins to run from its date. The date of maturity is, therefore, fixed and does not depend upon presentation or acceptance.

Against all Risks

Insured against all generally accepted risks in marine insurance.

Air Way Bill

An air transport document 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.

Anticipatory Credit

Red/Green Clause Credit or Anticipatory Credit is a Letter of Credit containing a clause authorising the advising bank to make advances to the beneficiary/exporter before the beneficiary presents the required documents under the credit. It is a

method of pre-shipment finance for the exporter.

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.

Anticipatory Credit

Red/Green Clause Credit or Anticipatory Credit is a letter of credit containing a clause, authorising the advising bank to make advances to the beneficiary/exporter before the beneficiary presents the required documents under the credit. It is a method of pre-shipment finance for the exporter.

Applicant

The person who initiates a Letter of Credit, i.e. the person who applies to his bank to issue a credit in favour of the beneficiary/exporter. The applicant is the importer (buyer) of goods.

Assignee/Allocatee

A third party to whom, in certain defined circumstances, either a part or all of the proceeds obtained under a Documentary Credit can be paid. The assignee/allocatee does not have a bank guarantee of payment.

Assignment/Allocation of Proceeds

An assignment follows a request to the Paying/Accepting Bank by the Beneficiary to assign all or part of the proceeds to a third party. This request may be made prior to, or at the time of presentation of documents for payment.

At Sight

A bill of exchange payable on presentation rather than on a specific date.

Aval

Payment of a bill of exchange or promissory note which is guaranteed by the signature of a third person on the bill.

A.A.A.

See American Arbitration Association.

AAR

against all risks

Acceptance House

Financial institution lending money on the security of bills of exchange. It may lend money on a bill or add its name to a bill drawn on another party, especially in foreign trade. Acceptance houses often lend money to an exporter to cover the gap between the production of goods and the receipt of proceeds from their sale. The loan is made through a Bill of Exchange and is sometimes called an acceptance credit.

A/D

See After date.

ADR

See alternative dispute resolution.

Ad Valorem Duty

A duty assessed as a percentage rate of the value of the imported merchandise. See customs duty.

Advance Payment Guarantee/Bond

A guarantee that advance payments will be returned if the party having received such payments does not perform its part of the contract.

Advance Against Documents

A loan made on the security of the documents covering the shipment.

Agent

One who represents a principal or who buys or sells for another. A person who is authorised by another to act on his behalf in transactions with third parties.

Agio

Premium paid for exchange of one currency for another.

Allocation Of Proceeds

(See Assignment)

Aligned Export Documentation System

Method whereby as much information as possible is entered on a 'master' document so that all or part of this information can be reproduced mechanically/electronically on to individual forms of a similar design.

Alternative Dispute Resolution (ADR)

A general term for a variety of dispute-resolution mechanisms which may be used as alternatives to traditional litigation before governmental courts or tribunals. May be said to include such techniques as conciliation, mediation, arbitration, re-negotiation, and mini-trial.

American Arbitration Association (A.A.A.)

Perhaps the world's largest arbitration forum and institution; the great bulk of cases handled under its rules and procedures are domestic US cases, although the A.A.A. does have specific rules for international cases.

AN

Arrival notice.

Applicant

The person who initiates a Letter of Credit, i.e. the person who applies to his bank to issue a credit in favour of the beneficiary/exporter. The applicant is the importer (buyer) of goods.

AQ

Any quantity.

Arbitration

A method of resolving commercial disputes where both parties are required to submit the documents relevant to the case to an outside agency for an independent judgement and to accept that judgement.

ATA Carnets

Everybody who needs to take valuable goods across frontiers temporarily can save time and money by using ATA Carnets. Simple international customs documents, the Carnets enable travellers taking goods abroad (samples of value, exhibits at trade fairs, professional equipment etc.) to avoid all duty payments and tiresome formalities at the customs. Carnets are issued through a 40-country guarantee chain organised by the ICC's International Bureau of Chambers of Commerce.

At Call

Money or funds at call i.e. immediately available.

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.

Bid Bond

Broadly speaking, the purpose of the Bid Bond (tender bond) is to provide a financial assurance of the intention of the party submitting the tender (principal) to sign the contract if his tender is accepted.

Bill Of Lading (B/L)

A document issued when goods are entrusted to a shipping company for carriage. It can serve as a formal receipt for the goods by the shipowner, a memorandum of the contract of carriage, and documentary evidence of control over the goods. The holder or consignee of the bill has the right to claim delivery of the goods from the shipping company when they arrive at the port of destination. Bills of Lading may be negotiable (order B/L) or non-negotiable (straight B/L). Bills of Lading may also be distinguished by the mode of transport used for the shipment. See Marine Bill of Lading, multimodal transport Bill of Lading, air waybill, railway

consignment note and sea waybill. B/L terminology:

- Ocean marine - the classic B/L, a negotiable instrument used for goods shipped on board ocean-going vessels.
- on board/shipped - a B/L evidencing the Loading on board of cargo in good condition.
- received for shipment - a B/L which only evidences that goods have been received, not that they have been loaded on board; common with container shipments delivered to port terminal; must be converted by subsequent «on board», notation if shipper needs an "on board" or "shipped" document for payment under a letter of credit.
- clean - a B/L which contains no notation indicating that the goods have been wholly or partially lost/damaged.
- dirty / foul/ cloused - a B/L with a notation to the effect that the goods have been partially/wholly lost or damaged.
- straight - a non-negotiable B/L; consignee only needs to identify himself to pick up the goods.
- order - a negotiable B/L, issued "to the order" of a particular party, commonly the shipper
- through - a B/L used when shipment will involve successive transport stages with different carriers.
- direct - a B/L for direct transport between loading and discharging ports.
- multimodal combined transport- a B/L issued to cover transport involving successive stages via different transport modes, e.g., road transport followed by sea followed again by road transport.
- FIATA FBL (FBL) - a standard-form B/L issued by a freight forwarder; considered under the UCP 500 - along with other forwarder bills in which the agents accepts full responsibility as a carrier - as acceptable as a clean on board B/L issued by a carrier.
- house - a B/L issued by a forwarder in its own name ("house") covering grouped consignments.
- freight pre paid - a B/L indicating on it that the freight has been paid.
- liner - a B/L issued subject to the terms and conditions of a shipping line.
- short form - a B/L which does not contain the full terms and conditions of the contract of carriage; instead, it contains an abbreviated version of the carrier's condition, with a reference to the full set of conditions.
- Stale - a B/L which is presented late (for documentary credit purposes, a B/ L must be presented within a certain number of days after shipment).
- Full set of originals - for documentary credit or collection purposes, the buyer may require the seller to produce a full set (commonly up to three) of signed originals - that is, B/L's which bear the original signature of the ship's master or agent.
- Waybill - a non-negotiable transport document.

Bolero

Originally a system for transmission of electronic bills of lading. In the process of being expanded by SWIFT into an electronic platform for transmission of all trade documents.

Bonded Warehouse

A warehouse authorised by customs authorities for storage of goods on which payment of duties is deferred until the goods are removed for domestic consumption. If the goods are re-exported, no duty has to be paid at all. See foreign trade zone.

Breakbulk (BB)

Non-containerised cargo which is grouped or consolidated for shipment, and then is later broken down, sub-divided or distributed at a further destination point. Breakbulk cargo is often unitised cargo on pallets or packed in boxes; specialised breakbulk vessels tend to carry their own loading/unloading machinery.

Bunker Adjustment Factor (Also, BAF)

A surcharge charged by ocean carriers to account for fluctuations in the cost of shipping fuel, which is known as bunker fuel.

Buy Back Or Compensation Trading

An agreement to provide (for instance) technology, the construction of an entire project, the licensing of patents or trademarks in return for agreeing to take part of the output as payment.

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 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. A receipt for goods issued by a carrier that indicates that the goods were received in "apparent good order and condition", without damage or irregularities.

Blocked Currency

Currency which cannot be freely converted into other currencies.

Back to Back Credit

Two documentary credits, the second being issued on the understanding that reimbursement will be obtained from documents presented under the first

credit issued. The first credit acts as security for the second and the beneficiary of the first credit becomes the applicant of the second credit.

Bank Bills

(See Acceptance Credit)

Bank Draft

Similar to a Bill of Exchange, except here the bank is the drawee instead of an individual or company.

Beneficiary

The person in whose favour a letter of credit is issued or a draft is drawn, usually the seller or exporter.

Berth Bill of Lading

Bill of Lading issued by the master of a vessel belonging to a regular shipping line.

Bill Broker

Firm or individual who buys and sells bills of exchange.

Bankers Acceptance

A Bill of Exchange accepted by a bank usually for the purpose of financing a sale of goods to or by the bank's customer. The Bill may be drawn, for example, by an exporter on the importer's bank and be sold on the open market at a discount. See Bill of Exchange.

BAF

See Bunker adjustment factor.

Bank Guarantee

Contract between a bank as guarantor and a beneficiary in which the bank commits itself to pay a certain sum under certain, specified conditions. Thus, a demand guarantee is one in which the bank agrees to pay against the simple written demand of the beneficiary.

Bankers Draft

Draft payable on demand and drawn by or on behalf of the bank itself.

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.

Basis Point

One thousandth; 1/100 of 1%; i.e., 100 basis points is equal to 1%.

B/B

Breakbulk (cargo).

B/D

Bank draft.

Berne Union

International Union of Credit and Investment Insurers.

B/G

Bonded goods; see Bonded warehouse.

Bilateral Clearing

Often used in international trade between developing countries. Trade and other payments are balanced and settled once yearly by the central banks involved. Settlements often take place in convertible currencies.

Certified Invoice

A Commercial invoice which also contains a statement by the exporter/seller which is required by the importer/buyer e.g. that the goods are in the order required or that the goods come from a specific country.

Confirmation

Telex advice of transaction giving full details on amounts, value dates, rates and payment mechanisms. Formal memorandum issued to the parties of transaction, recording (confirming) the details of the transaction.

Cost and Freight, Free Out

Includes the cost of the goods, freight charges and unloading. Most grain/sugar is traded on this basis.

Claused Bill Of Lading

A cloused, or foul bill of lading contains notations or remarks as to defects in the goods and/or packaging. See Bill of lading and Clean bill of lading.

Counter Trade

Form of international trade popular amongst economies with low stocks of hard currency. Transactions work on the basis of exchange of goods rather than formal payment.

Call

A demand for payment under a loan or guarantee. In the case of demand guarantees, the abusive resort to the guarantee (i.e., in the absence of non-compliance by the principal) is sometime referred to as an unfair call.

CBD

Cash before delivery

Certificate Of Inspection (also, certificate of quality)

A document certifying the quality, quantity and/or price of a given shipment of goods. The inspection certificate is often required by buyers, especially those paying via documentary credit, from sellers, in order to assure that the goods are of contract quality. Generally, the buyer will designate a neutral, independent inspection company.

CEDEL

Institution centred in Luxembourg that acts as a clearing corporation for international securities as well as a variety of value-added information and products.

CHAPS (Clearing House Automated Payments System)

The UK banks' electronic cash transfer system for sterling payments and receipts.

CHIPS (Clearing House Inter Bank Payment System)

CHIPS is the New York Clearing House Interbank Payment System. It is an electronic banking system for automated payment and transfer of funds. CHIPS operates same day settlement.

CIA

Cash in Advance.

CLD

Cleared (through customs).

Clearing House

Adjunct to commodity/stock exchanges through which transactions executed on the floor are settled. Also charged with assuring the proper conduct of delivery procedures and the adequate financing of trading.

Collateral

An asset pledged by a borrower to a lender making a secured loan.

Collecting Bank

The "collecting bank" may be any bank, (other than the remitting bank) involved in processing the collection order. The collecting bank usually acts as agent of an exporter's bank in collecting payment from an importer. The collecting bank is usually situated in the importer's country.

Collection

Collection means the handling by banks on instructions received, of documents in order to: 1)

obtain acceptance and/or payment 2) deliver commercial documents against acceptance and/or, as the case may be against payment, or 3) deliver documents on other terms and conditions.

Commercial Paper

Unsecured promissory notes issued by corporations at a discount to par to provide short term financing.

Commission

Pro-rata remuneration for work done as an agent. Brokerage can be charged according to an official minimum scale laid down by an Exchange.

Commission Agent

A foreign sales representative who is paid a percentage of the sales he or she generates. See also Agent and Foreign sales agent.

Commitment Fee

Fee charged by a bank on the unused portion of a loan or term note facility.

Commodity

In financial markets the main categories of commodity are grain, livestock, food and fibres, oil, wood, metals and bullion.

Commodity Future

Futures are traded for a range of underlying commodities such as grains, soya, meats, cotton, coffee, sugar and lumber. A future is an exchange-traded contract with standard specifications, for the purchase and sale of a quantity of an underlying item.

Commodity Swap

The two parties exchange payments over successive periods representing the differential between the current price of a commodity and one agreed at the outset.

Compound Duty

A combination of both a specific rate of duty and an ad

valorem rate of duty. Whereas specific duties are based on factors such as weight or quantity, ad valorem duties are based on the value of the goods. See customs duty.

Counterparty

The bank's opposite number in a financial transaction. The individual/institution on the opposite side of a financial transaction; the other party to a contract.

Courtage (French)

Brokerage; brokerage fee

Cover Note (also, brokers cover note)

An insurance document indicating coverage of a particular shipment under an open cover policy. To be distinguished, particularly as regards presentation under a documentary credit, from an insurance policy or an insurance certificate.

CPT

Carriage Paid To...(named point). See Incoterms.

Credit

Revolving credit with no fixed maturity date, which a bank has the option, once annually to convert into a term loan.

Credit Risk Insurance

Insurance designed to cover risks of non-payment for delivered goods.

C/S

Case(s).

CSC

Container service charge.

Currency Future

A contract for the future delivery of a commodity, currency or security on a specific date. In contrast to

forward contracts, futures contracts are for standard quantities and for standard periods of time and are primarily traded on an exchanges. Forward transactions enable importers and exporters ' who will have to make, or will receive, payment in a foreign currency at a future time to protect themselves against the risk of fluctuations in the spot rate.

Currency Option

The contractually-agreed right to buy (call option) or to sell (put option) a specific amount of a foreign currency at a predetermined price on a specific date (European option) or up to a future date (American option).

Customs Broker

Licensed agent or broker whose function is to handle the process of clearing goods through customs for importers.

Customs Union

An association between two or more countries whereby they eliminate tariffs and other import restrictions on each other's goods and establish a common tariff on the goods from all other countries. The European Community -is the best known example of a customs union.

CW

Commercial weight.

CWO

Cash with order.

CWT

Hundredweight; unit of measurement.

Cable Transfer

An order transmitted by one bank to another bank in a foreign country with instructions to pay a specific amount to a designated person or account.

Carnet

(See ATA Carnets)

CIP – Carriage and Insurance Paid to (...named place of destination)

“Carriage and Insurance paid to...” means that the seller delivers the goods to the carrier nominated by him but the seller must in addition pay the cost of carriage necessary to bring the goods to the named destination. This means that the buyer bears all risks and any additional costs occurring after the goods have been so delivered. However, in CIP the seller also has to procure insurance against the buyer’s risk of loss of or damage to the goods during the carriage. Consequently, the seller contracts for insurance and pays the insurance premium. This term may be used irrespective of the mode of transport including multimodal transport.

CIF – Cost, Insurance and Freight (...named port of destination)

“Cost, Insurance and Freight” means that the seller delivers when the goods pass the ship’s rail in the port of shipment. 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 of delivery, are transferred from the seller to the buyer. However, in CIF the seller also has to procure marine insurance against the buyer’s risk of loss of or damage to the goods during the carriage

Cash Against Documents

Payment for goods in which a bank, commission house or other intermediary transfers title documents to the buyer upon payment in cash. Full shipping documents are sent to a bank or an agent at the port of destination with instructions that they are to be handed over to the consignee only in exchange for the sum due.

Cash with Order

Payment in advance, whereby the buyer of the goods sends payment to the seller with his order for goods. It is the most secure method of payment for the seller.

Certificate of Origin

A document, required by certain foreign countries for tariff purposes, certifying the country of origin of

specified goods.

CFR – Cost and Freight (...named port of destination)

“Cost and Freight” means that the seller delivers when the goods pass the ship’s rail in the port of shipment. 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 of delivery, are transferred from the seller to the buyer. The CFR term requires the seller to clear the goods for export. This term can be used only for sea or inland waterway transport. If the parties do not intend to deliver the goods across the ship’s rail, the CPT term should be used.

Charter Party

Contract under which the charterer has the use of the ship for the carriage of goods for a voyage or a certain time. It sets forth the terms of the arrangement such as freight rate and ports involved in the trip contemplated. Such a contract may also act as security for a loan to the shipowner from a bank. the money paid to the owner is known as Freight.

Charterer

Person who hires a vessel either on a voyage or time basis.

Clean Bill

(See Bill of Lading)

Clean Collections

Clean collection means collection of financial documents not accompanied by commercial documents.

Clean Credits

A Letter of Credit opened by a bank, guaranteeing payment of any Bills of Exchange drawn on that bank. These Bills have no supporting documents attached.

Clean Transport Documents

A clean transport document is one which bears no clause of notation which expressly declares a defective

condition of the goods and for the packaging.

Clearing System

A system where bills of exchange, cheques etc. drawn upon individual clearing banks are settled.

Commercial Documents

"Commercial documents" means invoices, shipping documents of title or other similar documents, or any other documents whatsoever, not being financial documents.

Commercial Invoice

An itemised list of goods shipped, usually included among an exporter's collection papers. The commercial invoice is written evidence of the contract. A document evidencing demand by an exporter/seller for payment for goods sold.

Common Carrier

An individual, partnership or corporation that transport persons or goods for compensation.

Common Law

A legal system broadly based on previous court decisions, precedents or past practices.

Confirming Bank

A confirming bank confirms an irrevocable credit (qv) upon the authorisation or request of the issuing bank. Where an Advising Bank guarantees payment of a Letter of Credit, it is known as a confirming bank. the bank's role changes from a mere advisory role to a role of assuming liability for payment, acceptance or negotiation of the credit. Such liability is in addition to and not instead of that already given by the issuing bank.

Confirmed Letter of Credit

A letter of credit issued by the buyer's bank, Bank A, the validity of which has been confirmed by Bank B. An exporter whose payment terms are a confirmed Letter of Credit is assured of payment by Bank B even if the buyers or Bank A refuse payment. Payment under a confirmed Letter of Credit is guaranteed twice i.e. by both the Issuing Bank (Bank A) and the

Confirming Bank (Bank B). Payment under a confirmed Letter of Credit is conditional under documents being presented in order.

Consignee

The party to whom the goods are dispatched.

Consignment

A term used of merchandise shipped to an agent abroad when an actual purchase has not been made but under an agreement by which the consignee is obligated to sell the goods for the account of the consignor. The act of transferring goods or delivering them for transport.

Consignor

Otherwise known as the shipper. This is the party who dispatches the goods and is usually but not always the beneficiary of the credit.

Consular Declaration

A formal statement made by the consul of a foreign country describing goods to be shipped.

Consular Invoice

A detailed statement regarding the character of goods shipped, duly certified by the consul at the port of shipment and required by certain countries.

Contract of Carriage

Determines the obligations of the shipper or the sender with respect to handling over the goods for carriage to the carrier.

Correspondent

In a bilateral deal or relationship, the provider of correspondent banking services. A bank having direct connection or friendly service relations with another.

Correspondent Bank

Bank that accepts deposits of and performs banking services for other banks, depository institutions in centers where the others are not physically

represented. A bank that, in its own country, handles the business of a foreign bank.

Cost and Freight

(See CFR)

CPT – Carriage Paid To (...named place of Destination)

“Carriage paid to...” means that the seller delivers the goods to the carrier nominated by him but the seller must in addition pay the cost of carriage necessary to bring the goods to the named destination. This means that the buyer bears all risks and any other costs occurring after the goods have been so delivered. “Carrier” means any person who, in a contract of carriage, undertakes to perform or to procure the performance of transport, by rail, road, air, sea, inland waterway or by a combination of such modes. This term may be used irrespective of the mode of transport including multimodal transport.

Counter Credits

Similar to back-to-back credits (qv). the only difference is that the merchant bank is involved with both credits i.e. as the advising/confirming/payment bank in respect of the first credit and as issuing bank in respect of the second credit.

Country Risk

The risk that the financial position of organisations in a particular country and their ability to pay debts could be affected by changes or developments in that country.

Customs Duty

Border tax usually levied on import.

Credit

Revolving credit with no fixed maturity date which a bank has the option once annually to convert into a term loan.

Conference - (also, steamship conference, shipping conference)

A group of steamship companies or shipping lines which have associated to offer regular service on

specific routes at publicly-announced prices. Conferences generally offer specific rebates for regular or high-volume shipments. Shipment by conference lines is sometimes referred to as liner shipping and the freight rates are referred to as "liner terms". Shipping lines which are not members of a conference for a particular route are known as outsiders, independent lines, or non-conference liners. See also Liner terms.

Confirmed Letter Of Credit

A documentary credit issued by a foreign bank which has been confirmed by another bank (usually a local bank or an international leading bank), the confirmation consisting in: an additional irrevocable undertaking to pay according to the terms of the credit.

Counterpurchase

Counterpurchase is the agreement of an exporter to purchase a quantity of unrelated goods or services from a country in exchange for and approximate in value to the goods exported.

Countertrade

All foreign trade transactions resulting from exporters' commitments to take products from the importers or from their respective countries in full or part payment for their exports. Countertrade is typical of trade with East European and less developed countries, which often suffer from a lack of foreign exchange and/or credit facilities. Countertrade transactions include barter, buy-back or compensation, counterpurchase, offset requirements, and swap. See respective terms.

Contingency Insurance (or "difference in conditions")

Insurance coverage taken out by one party to an international transaction to complement and fill in any gaps in the coverage taken out by the counterparty. Thus, the open account exporter on FOB Incoterms does not have an obligation to insure the goods during the main international transport, but may wish in any event to take out contingency insurance so that if the goods are lost or damaged there will be no loss to the buyer (such a loss might lead to disagreements or disruption of commercial relations with the buyer, even if the seller was not legally at fault).

Demurrage

the charge made for delay to barges, ships, etc. after a stated free period at port of discharge.

DDC (also D.D.C.)

Sometimes said to be "delivered destination charges" referring to various miscellaneous charges in the port of destination: alternatively said to refer to dispatch money at discharge; see Dispatch money

Demurrage

The charge made for delay to barges, ships, etc. after a stated free period at port of discharge.

Door To Door

A transport service covering carriage from the seller's premises to the buyer's premises. Note that this term refers to a freight charge in a carriage contract between a carrier and a shipper, and thus is distinct from the issue of the Incoterm chosen in the contract of sale (an agreement between seller and buyer). Depending on the circumstances of the transaction, it could be possible to quote prices on either EXW, FCA, CPT, CIP, DDU, or DDP Incoterms in conjunction with so-called "house to house" transport services. Attention should be given to the inclusion of loading/unloading charges in the "house to house" rate, especially in comparison with the responsibility under the respective Incoterm for loading or unloading. The shipper should make sure that the transport service corresponds to the contractual obligations under Incoterms. It is sometimes said that "door to door" services imply that loading and unloading are not included in the freight charge, but this is not a standard rule and traders; should inquire in each particular case. Door to door is sometimes used, synonymously with house to house, but it is claimed by some that there is a distinction between the two, namely that "house to house" only refers to rental rates for containers from container yard to container yard; See house to house.

Date Draft

A draft which matures a specified number of days after issuance

D/D

Delivered.

Deadfreight

Freight charge to paid even when shipment was not made, owing to failure by shipper or charterer to actually ship goods in the shipping space for which a reservation was made.

Deadweight

Total carrying capacity of a vessel.

Deck Cargo

Goods shipped on the deck of a ship rather than in its holds. Since deck cargo is more exposed to the elements, traders may wish to stipulate that goods not be carried on deck (except in such cases as transport of hazardous materials, in which case carriage on deck may be mandatory).

Deferred Air Freight

Air freight offered at cheaper rates for non-urgent shipments.

Del Credere

As relates to international commercial agency relationships: a del credere agent is one who guarantees the ability to pay of prospective clients he has brought to the principal; in exchange, the del credere agent is usually accorded a higher percentage commission than is a regular agent. As relates to risk in general: del credere risk is the risk that a party will be unable to meet its financial obligations.

DEL.

Delivery.

Delivery

Deliver the goods into the custody of the carrier or another person named by the buyer or chosen by the seller at the named place or point on the date or within the period agreed for delivery and in the manner agreed or customary at such point.

Delivery Order

An order, commonly addressed to a terminal

superintendent or warehouse manager, directing the release of specified cargo to a particular receiver. The order may in some cases be issued by seller, shipper or consignee, while in other contexts the order will be issued by the shipping line or carrier. Commonly, a delivery order directs delivery of part of a larger consignment, which is itself covered by a single bill of lading; i.e., the issuance of several delivery orders "splits up" the cargo covered by the bill of lading. In any event, delivery orders should be clearly distinguished from bills of lading: the delivery order is not a negotiable document, nor does it evidence receipt of the goods, nor does it contain the provisions of the transport contract under which the goods were shipped.

Demand Guarantee

A guarantee usually issued by a bank, under which the beneficiary is only required to make a demand in order to receive payment. In contrast to the conditional or suretyship guarantee - which require the beneficiary to provide proof of the principal's default, a demand guarantee only requires that the beneficiary make a simple demand, and therefore this latter type of guarantee is relatively risky in terms of exposure to an unjustified demand on the part of the beneficiary. Some protection against such an unfair demand can be obtained by making the guarantee subject to the Uniform Rules for Demand Guarantees (URDG 458).

Deposit Facility

An ESCB standing facility which counterparties may use to make overnight deposits remunerated at a pre-specified interest rate.

Destuffing

Unloading goods from a container; See also Stripping, Devanning.

Devanning

Unloading goods from a container; See also Stripping, De-stuffing.

Discrepancy

Documentary credit context: a discrepancy arises when documents presented under a documentary credit do not conform to the terms of the credit; generally, an error, contradiction or omission related to the documents constitutes the

discrepancy. The bank will refuse to pay against the documents unless the applicant (buyer) agrees to amend the credit or otherwise waive objections to payment under the credit.

Dirty Bill Of Lading

A notation on a Bill of Lading as to some defect in relation to goods being shipped.

Discounting A Bill of Exchange

Occurs where the owner of a Term Bill of Exchange sells it, once it is accepted, to a bank or other party. The seller receives the face value of the Bill less discount. This discount amount represents the cost of funds plus profit/fee to the investor/buyer.

Dispatch Money (Also, Despatch)

An incentive payment offered by a shipowner to a charterer in exchange for completing loading or unloading in less time than is specified in the charter party contract (this time is often calculated as a number of "lay days"). See also Charter party, Demurrage.

Distributor

An independent person or legal entity which sells goods locally on behalf of a foreign principal. Distributors can be distinguished from agents ' because distributors buy the goods in their own name, then re-sell them at prices which they have some liberty to set. Distributorship is frequently based on a contract which grants the distributor exclusivity for a specific territory. See for comparison, foreign sales agent.

DK.

Dock.

D/O

See Delivery order.

Dock Receipt

A document certifying receipt of goods by the international carrier at the port of departure.

Documentary Credit

A commercial Letter of Credit providing for payment by a bank to the named beneficiary, who is usually the seller of merchandise, against delivery of such documents as may be specified in the Credit.

D/S

Days after sight (payment term often used in conjunction with bank drafts and documentary credits).

Dumping

The practice of selling a product in a foreign market at an unfairly low price (a price which is lower than the cost in the home market, or which is lower than the cost of production) in order to gain a competitive advantage over other suppliers. Dumping is considered an unfair trade practice under the GATT and World Trade Organisation agreements; it is regulated by national governments through the imposition of anti-dumping duties, in some cases calculated to equal the difference between the product's price in the importing and the exporting country.

Deferred Payment Credit

Type of letter of credit providing for payment some time after presentation of shipping documents by exporter. Deferred Payment credits do not require the seller to draw a Bill of Exchange.

DAF – Delivered At Frontier (...named place)

"Delivered at Frontier" means that the seller delivers when the goods are placed at the disposal of the buyer on the arriving means of transport not unloaded, cleared for export, but not cleared for import 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. This term may be used irrespective of the mode of transport when the goods are to be delivered at a land frontier. When delivery is to take place in the port of destination, on board a vessel or on the quay (wharf), the DES or DEQ terms should be used.

DES – Delivered Ex Ship (...named port of

destination)

“Delivered Ex Ship” means that the seller delivers when the goods are placed at the disposal of the buyer on board the ship not cleared 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 before discharging. If the parties wish the seller to bear the costs and risks of discharging the goods, then the DEQ term should be used. The term can be used only when the goods are to be delivered by sea or inland waterway or multimodal transport on a vessel in the port of destination.

Dirty Bill of Lading

A notation on a Bill of Lading as to some defect in relation to goods being shipped.

Discounting a Bill of Exchange

Occurs where the owner of a Term Bill of Exchange sells it, once it is accepted, to a bank or other party. The seller receives the face value of the Bill less discount. This discount amount represents the cost of funds plus profit/fee to the investor/buyer.

Discrepancy - Letter of Credit

When documents presented do not conform to the letter of credit, it is referred to as a discrepancy. Also when documents conflict with each other, discrepancies arise.

Documentary Collection

Means collection of (a) financial documents accompanied by commercial documents and (b) commercial documents not accompanied by financial documents. A method of settlement whereby the seller initiates the banking system, the collection of money due to him from the buyer. Payment will be made against a Bill of Exchange and documents of title. Documents can be released against acceptance (D/A) or against payment (D/P). If no Documents of Title are attached, the collection is known as Clean Collection (see Clean Collection, Clean Bill and Documentary Bill).

Documentary Credits

A commercial letter of credit providing for payment by a bank to the named beneficiary, who is usually the seller of merchandise against delivery of such

documents as may be specified in the credit.

Documentary Letter of Credit

(See Documentary Credit)

Documents

Means financial documents and/or commercial documents. Financial documents: . Means bill of exchange, promissory notes, cheques, payment receipts or other similar instruments used for obtaining the payment of money. Commercial documents: Means invoices, shipping documents, documents of title or other similar documents, whatsoever, not being financial documents.

Documents Against Acceptance

Instructions given by a shipper to his bank that the documents attached to a draft for collection are deliverable to the drawee against his acceptance of the draft.

Documents Against Payment

Instructions given by a shipper to his bank that the documents attached to a draft for collection are deliverable to the drawee only against his payment of the draft

Draft

A draft is 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 Bill of Exchange).

Drawee

The individual or firm on whom a draft is drawn and who owes the stated amount.

Drawer

Party drawing a Bill of Exchange, normally the seller (Exporter).

Drawing

A presentation of documents under a Documentary Credit requiring payment, acceptance, or negotiation. Also sometimes referred to as a drawdown.

Due Date

The date a Bill of Exchange or a Documentary Credit is due for payment.

Delivery

Deliver the goods into the custody of the carrier or another person named by the buyer or chosen by the seller at the named place or point on the date or within the period agreed for delivery and in the manner agreed or customary at such point.

DDP – Delivered Duty Paid (...named place of destination)

"Delivered duty paid" means that the seller delivers the goods to the buyer, cleared for import and not unloaded from any arriving means of transport at the named place of destination. The seller has to bear all the costs and risks involved in bringing the goods thereto, including, where applicable, any 'duty' (which term includes the responsibility for and the risk of the carrying out of customs formalities and the payment of formalities, customs duties, taxes and other charges) for import in the country of destination. Whilst the EXW term represents the minimum obligation for the seller, DDP represents the maximum obligation. This term should not be used if the seller is unable, directly or indirectly to obtain the import licence. This term may be used irrespective of the mode of transport but when delivery is to take place in the port of destination on board the vessel or on the quay (wharf), the DES or DEQ terms should be used.

DDU – Delivered Duty Unpaid (...named place of destination)

Delivered duty unpaid means that the seller delivers the goods to the buyer not cleared for import and not unloaded from any arriving means of transport at the named place of destination. The seller has to bear the costs and risks involved in bringing the goods thereto, other than, where applicable, any duty (which term includes the responsibility for and the risks of the carrying out of customs formalities, and the payment of formalities, customs duties, taxes and other charges) for import in the country of destination. Such duty has to be borne by the buyer as well as any costs and risks caused by his failure to clear the goods for import in time. This

term may be used irrespective of the mode of transport but when delivery is to take place in the port of destination on board the vessel or on the quay (wharf), the DES or DEQ terms should be used.

Endorsement

The transfer of title of a document by means of a signature, which is normally but not always on the reverse of the document.

Event Risk

A Major trading risk for financial institutions. Refers to the magnified effects of events on markets due to increasing transparency.

ECU

European Currency Unit.

EDI Procedures

Electronic Data Interchange - rapidly expanding computer communications market that allows two-way transfer of forms and other non-simplistic data

EFTPOS: Electronic Funds Transfer At Point Of Sale

An electronic terminal at the actual point of sale will read a plastic card from the customer's bank and immediately debit the account with the cost of the goods.

EMC

See export management company.

E.S.C.B

European System of Central Banks.

EST.

Estimated.

E.T.A

Estimated time of arrival.

E.T.D.

Estimated time of departure.

E.T.S.

Estimated time of sailing.

EU

European Union.

Eurocurrency

A currency being used or traded outside the country which issued the currency. The most widely used Eurocurrency is the Eurodollar.

European Currency Unit (ECU)

The ECU is the European Union's accounting unit and is a popular private financial instrument. It is expected that the ECU will give way to the EURO in the 1999-2002 period.

Export Credit Insurance

Special insurance coverage for exporters to protect against commercial and political risks of making an international sale. Export credit insurance is available from insurance underwriters as well as from government agencies. Examples of well known public export credit agencies include the U.S. Eximbank, the U.K. Export Credits Guarantee Department, and France's COFACE.

Eximbank

Export Import Bank of the United States

Export Commission House

An organisation which, for a commission, acts as a purchasing agent for a foreign buyer.

Export House

Responsible as an export merchant for buying goods outright and selling them on their own account; acting as an export department or agent on behalf of a client; or acting for an overseas buyer.

Export Management Company

A company which acts to some extent as the export department of many manufacturers. It provides advice on overseas markets and helps in marketing the company's product.

Embargoes

Complete bans on trade exports to or imports from a particular country.

Export License

A government document that permits the licensee to export designated goods to certain destinations.

Exporting

The oldest form of entry into international markets, where a firm decides to maintain its production facilities at home and export its products to foreign countries. In direct exporting, export tasks are carried out directly by the firm itself. In indirect exporting these tasks are delegated either to agents or to export firms.

Export Quota

(a) Quota Set under an international commodity agreements whereby exporting countries of a particular commodity accept limits on their exports. (b) Bilateral or multilateral agreement between countries governing exports of industrial or other goods.

EXW – EX Works (...named place)

“Ex works” means that the seller delivers when he places the goods at the disposal of the buyer at the seller's premises or another named place (i.e. works, factory, warehouse, etc.) not cleared for export and not loaded on any collecting vehicle. This term thus represents the minimum obligation

for the seller, and the buyer has to bear all costs and risks involved in taking the goods from the seller's premises.

Exchange Controls

Regulations designed to restrict or prevent certain foreign currency transactions mainly by a country's nationals. Also likely to cover movement of precious metals, especially gold and silver. Controls are used to maintain and protect a country's financial position and the value of its currency.

Exchange Rate

Rate at which a currency is exchanged for another currency.

Foreign Sales Agent

An individual or firm that serves as the foreign representative of a domestic supplier and seeks sales abroad for the supplier

Free Trade Area

A group of countries which agree to eliminate tariffs and other import restrictions on each other's goods, while each participating country applies its own independent schedule of tariffs to imports from countries that are not members. Well known examples are the North American Free Trade Association (NAFTA), the European Free Trade Association (EFTA), and Mercosur.

Facility Fee

Charge paid by borrowers to banks for the extension of a credit facility.

Factor

Agent who transacts business for another on a commission basis.

Factoring

Service which enables a company to collect money on credit sales. The factor purchases the company's

invoiced debts for cash, but at a discount, and then seeks repayment from the original purchaser of the company's goods or services.

FAK

See Freight all kinds.

FB

Freight bill.

F&D

Freight and demurrage

FCL

Full container load.

F.C.P.

Fonds commun de placement. Simplified type of S.I.C.A.V.

FO

Free out; See Free in and out

F.O.C.

Free of charge.

F.O.D.

Free of damage.

Force Majeure

The title of a standard clause in marine contracts exempting the parties for non-fulfilment of their obligations as a result of conditions beyond their control, such as earthquakes, floods or wars.

Foreign Exchange Swaps

Simultaneous spot and forward transactions of one currency against another. The ESCB will execute open

market monetary policy operations in the form of foreign exchange swaps, where the NCBs or the ECB buy or sell euro spot against a foreign currency and simultaneously sell or buy it back forward.

Foreign Trade Zone (FTZ)

Special commercial and industrial areas in or near ports of entry where foreign and domestic merchandise may be brought in without being subject to payment of customs duties. Merchandise, including raw materials, components, and finished goods, may be stored, sold, exhibited, repacked, assembled, sorted, graded, cleaned or otherwise manipulated prior to re-export or entry into the national customs authority. 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. Foreign trade zones are also called free trade zones, free zones, free ports or bonded warehouses.

Forfaiting

The purchase by the forfaiter of an exporter's accounts receivable which are based on negotiable instruments such as bills of exchange and promissory notes. In contrast to factoring, forfaiting involves a series of independent, medium to longer term obligations of higher value. Since the forfaiter purchases the bills on a non-recourse basis, he assumes both commercial and political risk.

Forward Rate

The price of a foreign currency which is bought or sold for delivery and payment at a fixed future time, usually 30, 60 or 90 days. Forward transactions enable importers and exporters who will have to make, or will receive, payment in a foreign currency at a future time to protect themselves against the risk of fluctuations in the spot rate.

Franchising

A system based on the licensing of the right to duplicate a successful business format or industrial process. The franchisor (licensor) permits the franchisee (licensee) to employ its business processes, trademarks, trade secrets and knowhow in a contractually-specified manner for the marketing of goods or services. The franchisor usually supports the operation of the franchisee's business through the provision of advertising, accounting, training, and related services and in many instances also supplies products required by the franchisee for the operation of the franchise. The franchisee, in return, pays certain

moneys to the franchisor (in terms of fees and percentage commissions) and agrees to respect contractual provisions dealing, inter alia, with quality of performance. The two principal kinds of franchise contracts are master franchise agreements, under which the franchisor grants another party the right to sub-franchise within a given territory, and direct or unit franchise agreements, which are direct contracts between the franchisor or sub-franchisor and the operator of the franchise unit.

Free In And Out (F.I.O.)

A transport or freight term which indicates that loading/ discharging costs are not included in the freight; in the charter party context this means that loading/discharging are not the shipowner's responsibility - the charterer is responsible for loading/discharging. Also possible to use either Free in (FI) or Free out (FO) independently. Also used with addition of stowed and/or trimmed: e.g., FIOS, or FIOST.

Freight All Kinds [FAK]

Freight rate applicable to all types of goods.

Free Balances

Keeping cash in a current account in the books as an overseas correspondent. This account, a nostro account from the perspective of the bank depositing the cash, is mirrored by a reconciliation account in the books of the bank holding the balance.

Free Market

Unrestricted movement of items in and out of a market, unhampered by tariffs or other trade barriers
Market in which supply and demand fix prices without the influence of outside factors, i.e. Government or Central Bank intervention.

Free Port

An area such as a port city into which merchandise may legally be moved without payment of duties.

Front End Fees

Fees paid when a loan is arranged, such as management fees. Transfer fees on a transferable credit are usually 'Front End Fees'.

FAS – Free Alongside Ship (...named port of shipment)

“Free Alongside Ship” means that the seller delivers whenever the goods are placed alongside the vessel 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 seller to clear the goods for export.

FCA – Free Carrier (...named place)

“Free Carrier” means that the seller delivers the goods, cleared for export, to the carrier nominated by the buyer at the named place. It should be noted that the chosen place of delivery has an impact on the obligations of loading and unloading the goods at that place. If delivery occurs at the seller’s premises, the seller is responsible for loading. If delivery occurs at any other place the seller is not responsible for unloading.

FOB – Free On Board (...named port of shipment)

“Free On Board” means that the seller delivers when the goods pass 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 be used only for sea or inland waterway transport. If the parties do not intend to deliver the goods across the ship’s rail, the FCA term should be used.

**GATT -
General
Agreement on
Tariffs and
Trade**

A multilateral treaty intended to help reduce trade barriers between signatory countries and to promote trade through tariff concessions. Created in 1945, GATT’s original purpose was to combat the worldwide restrictions and protectionism that contributed to the post-Second World War economic recession. The latest round was the Uruguay round.

Generalised System Of Preferences (GSP)

Tariff cuts and quota increases intended to encourage exports from developing countries

Grace Period

Length of time during which repayments of loan principal are excused. Occurs at the start of the loan period, often in connection with soft loans to developing countries, where the terms and conditions are mild.

Group Of Five (G5)

The more important members of the Group of Ten (G-10). These comprise the USA, Japan, West Germany, France and Britain.

Group Of Seven (G-7)

Group of seven industrialised countries - USA, Japan, Germany, France, Britain, Canada and Italy.

Hague- Visby Rules

Set of rules amending the Hague rules, published in 1968, which have not been implemented by as many countries as the predecessor Hague Rules.

Hague Rules

International Convention for the Unification of Certain Rules relating to Bills of Lading - Brussels Convention of 1924 - A set of rules for international transport contained in an international treaty first published in 1924 and subsequently implemented by the greater part of world trading nations. The Hague Rules were revised and updated in the so-called Hague Visby Rules, published in 1968, which have not received so universal an implementation as their predecessors.

House Air Waybill (House AWB; Or, HAWB)

A transport document issued by an air freight consolidator.

House Bill Of Lading (House B/L)

A bill of lading issued by a freight forwarder. Often covers a consignment of parcels from various shippers that has been grouped or consolidated by the forwarder. The forwarder may, for example, receive a

single groupage bill of lading from the carrier, then issue a series of house B/L's to the respective shippers.

International Chamber of Commerce (ICC)

The ICC is a world business organisation which acts to promote the greater freedom of world trade, to harmonise and facilitate business and trade practices and to represent the business community at international levels. The ICC is Paris based and is represented by National Committees and Councils in over 50 countries and has members in over 40 others.

I.O.U.

Generic term for any promissory note. An I.O.U. requires a date, signature and amount to be legally enforceable.

IATA

International Air Transport Association, air transport industry association and issuer of standard air waybill form.

IBCC

International Bureau of Chambers of Commerce; an ICC-administered network of national, local and municipal chambers of commerce. Administrator of ATA Carnet system for temporary duty-free admission of industrial/commercial samples.

IBCC-NET

An international data bank for the posting of commercial offers, including the purchase and sale of consumer goods and commodities; operates through networks of chambers of commerce.

ICC Arbitration

Refers either to ICC RuIes for Conciliation and Arbitration or the process of submitting an arbitral complaint to the ICC Court of

International Arbitration.

I.C.C.H.

(International Commodities Clearing House)
Central clearing house for commodities trades that has a supervisory role in some futures markets.

ICPO

Irrevocable Corporate Purchase Order; an offer to buyer stated goods under specified terms and conditions; for example of misuse.

I.C.C. (International Chamber of Commerce q.v.) Court Of Arbitration

The court is the leading body in international commercial arbitration. Founded in 1923 by businessmen to settle international disputes of a business character, its impartiality is now recognised everywhere.

Inland Clearance Depot (Inland Dry Port)

A combination transport terminal and customs clearance center.

Institute Clauses

Standard international transport insurance clauses, published by the Institute of London Underwriters. The Institute Cargo Clauses are 3 sets of clauses providing different levels of protection: the "A" Clauses correspond to the general notion which is commonly referred to in the trade as "all risks" coverage, while clauses "B" and "C" indicate a lower level of coverage and a greater number of exclusions.

INV.

Invoice.

ISO 9000

International production quality standards established by ISO (International Standards Organisation). Certification that an exporter meets ISO 9000 manufacturing standards, for example, may be a minimum requirement for competing in certain markets or for certain

tenders.

Import Cover

Number of months of gross imports whose cost would be covered by a country's monetary reserves.

Indemnity

A financial guarantee whereby the recipient is protected against losses.

International Maritime Bureau

Formed in 1981 to offer practical assistance in countering the maritime fraud problem. Offers member companies and organisations information and advice about trading partners, specific ports, etc. Undertakes investigations, negotiation, authentication of documents, ship monitoring and other services.

Invoice Discounting

The purchase of selected invoices (i.e. trade debts) at a discount. An invoice discounter provides finance to a client by purchasing debts and the discount reflects a rate of interest on the money advanced.

Irrevocable Credits

These are Letters of Credit which cannot be amended or canceled without the consent of all parties involved. The exporter is therefore assured of payment provided the prescribed documents are presented in order.

Irrevocable Confirmed Credits

These are Letters of Credit which cannot be amended without the consent of all parties and payment of which is guaranteed by two banks, i.e. by a confirming bank and the issuing bank.

Issuing Bank

An issuing bank is a bank which opens a Letter of Credit for a buyer and for the benefit of seller. This bank guarantees payment to the supplier on fulfillment of the terms and conditions of the Credit.

ICC (International Chamber of Commerce qv) Court of Arbitration

The court is the leading body in international commercial arbitration. Founded in 1923 by business to settle international disputes of a business character, its impartiality is now recognised everywhere.

ICC Uniform Customs and Practices

An internationally accepted code of rules which, being subject to review and update, provides the basis against which certain types of transaction e.g. collections, documentary credits bonds/guarantees etc. are regulated.

Import Duty

Tariff or customs tax levied on goods crossing a national border. Import surcharge is an additional duty.

Import Restrictions

Methods taken to reduce or control imports through a variety of measures including import deposits, licenses or quotas. May be intended to correct a country's overall balance of payments deficit, or to protect a specific industrial sector.

Incoterms

Internationally recognised abbreviations of shipping terms which have been abbreviated by the International Chamber of Commerce (ICC) - for example: CIF, CFR, FOB, FAS etc. The purpose of Incoterms is to provide a set of international rules for the interpretation of the most commonly used trade terms in foreign trade.

**LKG.
&
BKG.**

Leakage and breakage.

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.

Liner Terms

Freight rates which include loading/unloading charges according to the custom of the respective ports - which unfortunately varies widely. "Liner terms" is, thus, not yet a standard designation, and may or may not include cargo handling charges or the costs of moving cargo between the ship's hold and the quay; traders are therefore well advised to require full details in advance from carriers. The ICC is currently working on establishing a standard liner term.

Liner Shipping

Services provided by a steamship company or shipping line, under which cargo vessels operate according to a fixed schedule and publicly-advertised freight rates.

Lighters

Barges used for unloading sea vessels when normal harbour facilities are non-existent or unavailable.

L.I.F.O.

In international trade: liner in free out; referring to a freight charge which includes the cost of loading in the port of departure but does not include unloading costs in the port of destination. In accounting practice: last in first out.

Licensing

A contractual arrangement in which the licensor's patents, trademarks, service marks, copyrights, or know-how may be sold or otherwise made available to a licensee for compensation negotiated in advance between the parties. Such compensation may consist of a lump sum royalty, a "running" royalty (based on volume of production), or a combination of both. Licensing enables a firm to enter a foreign market quickly and poses fewer risks than setting up a foreign -manufacturing facility. Furthermore, it allows parties to overcome tariff and non-tariff barriers of trade.

Lex Mercatoria

Internationally accepted general trade practices; the

international, informal law of merchants.

Letter Of Indemnity (LOI)

A document commonly used in international trade to allow a carrier to release goods to a receiver who is not yet in possession of the bill of lading (exceedingly common in the oil trade, for example). The letter of indemnity is, in essence, a guarantee which the receiver provides to the carrier assuring the carrier that he will not suffer any financial loss by having released the goods in the absence of a bill of lading. Also referred to as a steamer guarantee.

LCL/FCL

A way of quoting container freight rates in which the carrier agrees to pack the container on departure as well as unpack the container at destination.

LCL

Less than container load. Refers to shipments of goods which will have to be packed together with other consignments in order to fill up a container. LCL/FCL - A way of quoting container freight rates in which the carrier agrees to pack the container at the outset (LCL) but the unpacking at destination must be carried out by the receiver or consignee. A common approach for buyers who wish to consolidate small purchases from multiple suppliers in a foreign market into container shipments.

Letter Of Credit (L/C; Also, Documentary Credit, D/C)

A document issued by the importer's bank stating its commitment to honour a draft, or otherwise pay, on presentation of specific documents by the exporter within a stated period of time. The documents the importer requires in the Credit usually include, at a minimum, a commercial invoice and clean bill of lading, but may also comprise a certificate of origin, consular invoice, inspection certificate, and other documents; The most widely used type of Credit in international trade is the irrevocable Credit, which cannot be changed or cancelled without the consent of both the importer and the exporter. In a confirmed irrevocable Credit, the confirming bank adds its irrevocable commitment to pay the beneficiary (the confirmation is an additional guarantee of payment). Types of L/C: ? irrevocable - a Credit which cannot be retracted or revoked once the beneficiary has been notified; there is a presumption under the UCP 500 that a Credit is irrevocable. ? advised -a Credit the opening of which the beneficiary has been informed by a local bank. ? confirmed -a Credit which has received an additional guarantee of payment by a local or highly reputable bank. ? back-to-back -a system utilised by middlemen/intermediaries to finance a single transaction

through the use of two L/C's opened in succession (e.g., "back-to-back") in order to permit the middleman/broker to use the ' proceeds from the first Credit to pay off his supplier under the second credit. ? transferable -an L/C which allows the beneficiary to make part or all of his Credit payable to another supplier; used in middleman/brokerage contexts; distinguishable from back-to-back L/C's because the transferable Credit requires the knowledge and authorisation of the importer (applicant/principal). ? revolving -a Credit which can be drawn against repeatedly by the beneficiary; : can take a variety of different forms, depending on whether the credit is limited ' in terms of time, number of possible drafts, maximum quantity per draft, or maximum total quantity. ? cumulative revolving L/C - revolving L/C under which unused amounts . can be carried forward and become available under the next draft. ? red clause - an L/C allowing payments of advances to the beneficiary (originating in the wool trade in Australia, these clauses used to printed in red ink). ? deferred - an L/C under which payment by the importer is to take place a specified time after his receipt of the shipping documents. ? sight - an L/C under which the beneficiary is entitled to present a sight draft or sight bill of exchange, which is a call for immediate payment upon acceptance of shipping documents. ? import - an L/C used to finance importation of goods. ? standby - akin to a demand guarantee or bank guarantee, the standby L/ C is generally used to assure performance or payment by the counterparty.

Laydays/Laytime

The time allowed by the shipowner to the charterer or shipper in which to load or discharge the cargo. May be expressed in days or hours, or tonnes per day. Laydays may be set in running days (every calendar day), working days (excludes Sundays and holidays observed by the port), or weather working days(excludes in addition days where operations are prevented by bad weather). It may be contractually provided that if the charterer or shipper loads/unloads more quickly than is necessary, he will be eligible for payment of an incentive called dispatch money; if the loading/unloading time is excessive, however, the charterer or shipper may have to pay a penalty known as demurrage

LTL

Less than truck load.

LOI

See Letter of indemnity.

Letter of Credit

A Letter of Credit is a written undertaking by a bank, the issuing bank, to the seller (the beneficiary) in accordance with the instructions of the buyer (the applicant) to effect payment up to a prescribed amount within a prescribed time period against prescribed documents, provided these are correct and in order (i.e. they conform with the instructions of the applicant).

Line of Credit/Credit Line

(Also called a Bank Line) An agreement by a bank to give a customer the right but not the obligation to draw funds up to a specified limit, over an agreed period and typically, for an agreed purpose.

Leading (See Lagging)

The making of contracted payment EARLIER than scheduled.

LDG.

Loading.

MT O

See Multimodal transport operator.

Multimodal Transport Operator (MTO)

A carrier who concludes multimodal transport contracts; i.e., contracts involving transport by more than one mode of carriage, and for which the MTO accepts liability as a carrier.

Multimodal Transport Bill Of Lading

Bill of lading used for carriage whenever there are at least two different forms of transport, such as shipping by rail and by sea. See bill of lading.

Most Favored National Clause (MFN)

All members of GATT must adhere to the MFN Clause which stipulates that if a country grants a tariff reduction to one country, it should grant the same concession to all other members at the same time.

Moodys

Moody's Investors Service of the USA operates a bond rating service for corporate, municipal and foreign country debt, ranking the debt from AAA to C. It is similar to Standard and Poors, whose ratings run from AAA to D.

Mirror Accounts

Mirror Accounts are reconciliation accounts in the books of a bank in which a Nostro Account (q.v.) is held.

Master Document/Form

Central document in export administrative systems under which all necessary information is entered into a single master document or computer file, which is then used to generate all shipping and export documents. See also Chapter 15 on export software systems; also known as 'aligned export documentation systems'. A document issued by the carrier to the shipper, indicating receipt of the goods, but not loading on board. Like a B/L, a mate's receipt can be either clean or claused/dirty/foul, depending on whether or not the goods have been received in apparent good condition. The mate's receipt can later be exchanged for the bill of lading.

Marginal Lending Facility

ESCB standing facility which counterparties may use to receive overnight credit against a pre-specified interest rate.

MO

Money order.

Marine/Ocean Bill of Lading

used in foreign trade to describe fully the details of goods being sent. A Marine Bill of Lading can give the holder the right of possession to the goods and acts as a receipt for the goods and a contract of carriage. It is a negotiable instrument and a document of title. The shipowner is compelled to release goods to the first presenter of a bill of lading, in the absence of prima facie evidence of fraud.

Marine Insurance Policy

A contract of indemnity by which an insurance company undertakes to refund to the assured the amount of loss arising from such marine casualty as may be insured against. Marine insurance is more extensive than other kinds because it may provide not merely for losses arising from fire but from piracy, wreck and generally all injuries

sustained at sea.

Multimodal Transport Documents

Documents relating to two or more systems of transport
e.g. air and rail.

Negotiating Bank

The bank that negotiates - or purchases - a Bill of Exchange or Documents presented under a Letter of Credit. Negotiation is defined under UCP500 as 'the giving of value for Draft(s) and or document(s) by the bank authorised to negotiate. Unless the negotiating bank has confirmed the Credit, such negotiation is 'with recourse'.

NVOCC

see Non-vessel-operating common carrier.

Ne (NE)

Not exceeding.

NCND

See Non-circumvention non-disclosure agreement;
Warning: often contains a false reference to non-existent ICC standard rules.

Nostro Accounts

Foreign currency accounts maintained at a correspondent bank abroad to make and receive payments in that currency.

Non-Vessel-Operating Common Carrier (NVOCC)

A company providing point-to-point international transport of goods although it does not necessarily operate or own transport vehicles or equipment. NVOCC's will commonly contract -with a shipper to move goods from exporter's premises to importer's premises and will issue their own door-to-door transport document, although they will in fact subcontract the different stages of the transport chain to various road hauliers " and ocean carriers.

Non-Circumvention Non-Disclosure Agreements (NCNDs)

A type of contract frequently requested by international brokers or middlemen in order to prevent buyers from trying to go around the broker to deal directly with suppliers. Warning: these agreements are sometimes ERRONEOUSLY said to be issued pursuant to ICC ruIes - such ICC RuIes are NON EXISTENT.

Negotiable

There is no connection between the ICC and these documents. While the ICC is in fact studying the possibility of issuing a model international brokerage agreement, it will certainly not include the term "non-circumvention non-disclosure" in its title.

Negotiable Instrument

An item is said to be negotiable if the title to it can be legally transferred from one party to another.

N/S/F

(a) The property in the instrument passes by mere delivery or endorsement and delivery. (b) The transferee obtains an absolute title. (c) No notice need be given to the person liable on the instrument. Examples are bank note, bearer bonds, treasury bills, Bills of Exchange and cheques.

Non Durables

Not sufficient funds

N/F

Consumer or producer goods with a limited life.

NCV

No funds

N.C.B

No commercial value.

O **OP**

See Open policy.

Owner's Risk (OR).

Also: O.R.B. - Owner's risk of breakage; O.R.F. - Owner's risk of fire; O.R.L. - Owner's risk of loss (or leakage).

Order Bill Of Lading

A negotiable bill of lading, which is made out to, or to the order of, a particular person and can be transferred by endorsement and delivery of the bill. In practice, the bill is made out either to the shipper's order or to the consignee or his order. See bill of lading.

Open Market Transactions

Instrument of monetary control of central banks consisting in operating in the financial markets by buying and selling outright (spot or forward) or under repurchase agreements and by lending or borrowing claims and marketable instruments in currencies as well as precious metals.

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.

Offset

A type of countertrade transaction. In an offset contract, which may be required by importers' governments as a condition for approval of major sales agreements, the exporter makes an additional agreement to buy goods and services from the importer's country. In a "direct offset" transaction, an exporter may be required to establish manufacturing facilities in the importing country or to use a specified percentage of the components in the product sold from the importer's country. In an indirect offset, an exporter may be obliged to buy goods or services from the importing country without any link to the product sold. See countertrade.

O/O

Order of.

O/N

Order notify.

Ocean Bill Of Lading

Marine bill of lading.

Outright Transaction

The central bank buys or sells spot and forward assets outright in the market.

**PS
I**

See Pre-shipment inspection.

PU & D.

See Pick up and delivery.

Phase A

Early 1998. Launch of economic and monetary union.

P/A

Power of attorney

Purchasing Agent

An agent who purchases goods on behalf of foreign buyers.

PSV

post-shipment verification; See Pre-shipment inspection.

Pro Forma Invoice

A sample invoice provided by an exporter prior to a sale or shipment of merchandise, informing the buyer of the price, kinds and quantities of goods to be sent, and important specifications (weight, size, and similar characteristics). The pro forma invoice not only acts as the contractual offer (which may be accepted by the importer's transmission of a purchase order), it is intended to be exactly replicated in the final commercial invoice, so that the buyer receives no surprises as regards either the goods or the price. Importers

may need a pro forma invoice to be able to apply for an import licence or a foreign exchange permit. In the case of a letter of credit, the pro forma invoice is frequently used to inform the importer of the amount for which the letter of credit has to be opened.

Pre-Shipment Inspection (PSI)

An inspection of contract goods prior to shipment to ascertain their quality, quantity or price. Importers may insist on PSI, requiring the exporter to furnish a certificate of inspection (commonly, issued by neutral, internationally-respected firms such as SGS or Bureau Veritas), so that the importer is assured of receiving goods of contract quality/quantity. Government agencies may require inspection certificates as regards price, so as to prevent parties from under- or over-invoicing in an attempt to pay lower customs duties or evade foreign-exchange restrictions.

Pier-To-Pier (Quay To Quay)

Freight quote which only covers from export pier to import pier (that is, which excludes handling charges to bring cargo to and from piers).

Pick Up And Delivery (PU & D)

Freight quote includes service of picking cargo up at shipper's premises and delivering it at consignee's premises.

Paris Club

A forum of the main creditor governments to co-ordinate their policies vis-à-vis debtor governments that have difficulty serving the foreign official loans they obtained.

Parcel Post Receipt

The postal authorities' signed acknowledgement of delivery to receiver of a shipment made by parcel post.

Paramount Clause

The clause in a bill of lading or charter party invoking coverage by the Hague Rules, Hague-Visby Rules, or by the particular enactment of these rules in the country with jurisdiction over the contract.

Pallet

Flat support of wood or steel on which goods can be stacked and which can be easily moved by forklift trucks

Promissory Note

An unconditional promise in writing made by the buyer to the seller, signed by the buyer, agreeing to pay on demand, or at a fixed or determinable future date, a certain sum of money to, or to the order of, a specified person or to the bearer. The essential difference between it and a Bill of Exchange is that a Promissory Note is written by the buyer and sent to the seller who is owed payment, i.e. it is an IOU. Both instruments settle indebtedness in International Trade. (It is legally enforceable).

Political Risk Analysis

Analysis of the risk of loss of assets, earning power and managerial control due to events or actions that are politically biased or politically motivated.

Pledge

An undertaking by a trader to pledge goods or cash received for goods to a bank or other person as security for an advance. It is normally accompanied by a Trust Receipt.

Performance Guarantee/Bond

A performance guarantee is intended as a safeguard against the party to whom the contract is awarded (the principal) failing to meet his obligations under such a contract which normally requires a period of time for its completion.

Packing List

A list showing the number and kinds of items being shipped, as well as other information needed for transportation purposes.

Payee

The party named on a cheque or bill of exchange to whom payment is to be made.

Paying Bank

A bank nominated by the Issuing Bank to make settlement on its behalf of either a Sight payment, Deferred Payment or a Maturing Acceptance drawn under a Documentary Credit claimed by the Paying/Accepting or Negotiating Bank.

Phytosanitary Inspection Certificate

A certificate, issued by a Department of Agriculture or other specialist organisation to satisfy regulations, indicating that a shipment has been inspected and is free from harmful pests and plant diseases.

Pre-Advice

Sometimes an Issuing Bank may telex basic details of a Documentary Credit to the Advising Bank, requesting the basic details be passed to the Seller. The Advising Bank will do this without any engagement on its part. The pre-advice will not be the operative credit instrument but the issuing Bank is obliged to issue or amend a Credit, in terms not inconsistent with the pre-advice without delay.

Pre-shipment Finance

Covers an exporter's costs before shipment of goods.

Presenting Bank

The presenting bank is the collecting bank making presentation to the drawee. The presenting bank is responsible for seeing that the form of the acceptance of a Bill of Exchange appears to be complete and correct.

Principal

- The principal is the customer entrusting the operation of collection to his bank. - The principal is the party tendering or the party to whom the contract has been awarded. - The face amount of a security, exclusive of any premium or interest.

Phase C

January July 2002. Final changeover to the single currency.

Phase B

Early 1999. Effective start of EMU and emergence of a critical mass of activities in euro.

PD

Port dues

PA

Particular average.

PPD. (OR P P)

Pre-paid.

POD

Pay on delivery.

P/N

See Promissory note

**Remitting
Bank**

The bank to which the principal party to a transaction has entrusted the operation of collection. A remitting bank remits/sends the Bill and/or documents for payment to the importer's bank. The remitting bank is usually the exporter's bank and is situated in the exporter's country.

ROT

See Retention of title.

Rolled Over

A term used in relation to a continuance of existing credit.

R.T.G.S

Real-Time Gross Settlement System. A settlement system operating on an order-by-order basis and in real time.

Roll-On/Roll-Off (RORO)

A combination of road and sea transport, where loaded road vehicles are driven on to a ferry or ship (roll-on/roll-off ship) and off at the port of destination. Major benefits of RoRo are reduced handling of the actual goods and packages, competitive costs for unit loads and scheduled services.

Reverse Transaction

The central bank buys or sells assets under a repo or conducts credit operations against collateral.

Reserve Requirement (Minimum)

The requirement for institutions to hold minimum reserves with the central bank. The reserve requirement of an institution is calculated by multiplying the reserve ratio for each category of items in the reserve base by the amount of those items in the institution's balance sheets.

Reefer Box/Container/Ship

A refrigerated container or ship. Refrigeration may either be mechanical, which means involving an external power supply, or by expendable refrigerant (dry ice, liquefied gases, etc.), which requires no external power supply.

Reciprocity

The idea behind reciprocity is that if Bank X in the major trading centre chose Bank Y as its correspondent in, for example, the developing world, then Bank Y would reciprocate by ensuring that all international business originating in their bank for Bank X's country would be routed through Bank Y as a reciprocal gesture.

Railway Consignment Note

A freight document indicating that goods have been received for shipment by rail. See bill of lading.

R & C.C.

Insurance clause: riots and civil commotion; also: s.r.c.c. - strikes, riots and civil commotion.

Red Clause Credit

See "Anticipatory Credit"

Re-Exports

Export of imported goods of commodities without substantial processing or transformation.

Reimbursing Bank

A bank nominated by the issuing Bank to make settlement on its behalf, for a Sight Payment, Deferred Payment or maturing acceptance drawn under a Documentary Credit claimed by the Paying/Accepting or Negotiating Bank.

Retention of Title

A supplier's legal entitlement to ownership of goods supplied pending receipt of payment.

Revocable Credits

A Letter of Credit which can be amended or canceled at any time by the importer without prior notice to the exporter. It serves as a means of arranging payment rather than guaranteeing payment, i.e. it is little more than an expression of intent.

Spot Rate

Rate of exchange quoted for purchases and sales of a foreign currency for immediate delivery and payment.

SAD

abbreviation after names of corporations in French and Spanish-speaking countries: Societe Anonyme (Fr.); Sociedad Anonima (Sp.).

Specific Duty

A duty based on some measure of quantity, such as weight, length, or number of units. See customs duty.

S/N

See Shipping note.

S & T

Shipper's load and tally; See Shipper's load and count.

S & C.

See Shipper's load and count.

SITC

Standard International Trade Classification - A standard numerical code system developed by the United Nations to classify commodities used in international trade.

SIT (Systeme Interbancaire De Telecompensation)

A clearing system set up in France to supplement the manual delivery system or Ordinateurs de Compensation.

S.I.C.A.V

Société d'investissement à Capital Variable. Most common French, Luxembourgish and Swiss type of Investment Funds.

Short-Form Bill Of Lading (B/L)

A simplified B/L which contains a reference to or an abbreviation of the carrier's full B/L or carriage conditions.

Short Delivery (SD) Also, Short-Landed Cargo

Non-delivery of cargo at the intended port. When reported, will result in ship's agent sending a cargo tracer to see if the cargo has been mis-delivered in another port.

Shippers Load And Count (S & C)

A carrier's notation disclaiming responsibility for the quantity of the cargo's contents; the quantity declared is thus purely the shipper's statement. If there is a dispute because less than contract quantity is delivered, the carrier wishes to be free from liability and that the receiver will have to claim directly against the shipper or insurer.

Shipper - Export Trade

The party (as between exporter and importer) who enters into a contract of carriage for the international transport of goods. The party receiving the goods (the importer or buyer) may be called the receiver or the consignee. Depending on the Incoterm chosen, either the exporter or importer (or a middleman) can be the shipper.

Sea Waybill

A transport document for maritime shipment, which serves as evidence of the contract of carriage and as a receipt for the goods, but is not a document of title. To take delivery of the goods, presentation of the sea waybill is not required; generally, the receiver is only required to identify

himself, which can speed up processing at the port of destination. See bill of lading.

SD

See Short delivery.

Settlement Date

The date on which a transaction is executed.

Sight bill of Exchange

A Bill of Exchange which is payable on receipt (on sight) by the paying bank.

Sighting Goods

"Sighting goods" implies more than just seeing the goods delivered. It also involved the inspection and the written acceptance of those goods by the buyer.

Sitpro

Simpler Trade Procedures Board involved in the revisions of documentation and trade procedures to facilitate trade developments.

Standby Credit

Standby Credits are Documentary Credits as defined by UCP500. Standby Credits allow buyer and seller deal on open account. The Standby Credit is only drawn under when the buyer defaults on payment obligations. Standby Credit are often used to satisfy the same functions as Bid Bonds, Performance Bonds etc.

Steamship Conference

A group of steamship operators that operate under mutually agreed-upon freight rates and operate regular schedules services.

Straight Bill of Lading

A non-negotiable bill of lading in which the goods are consigned directly to a named consignee.

S.W.I.F.T.(Society for Worldwide International Transactions)

A society registered in Brussels used by over 500 banks in 26 countries worldwide and linked with interbank networks in the USA for the purpose of intercommunication. An electronic system for sending payment messages as well as reconciling Nostro accounts and Foreign Exchange transactions. It is a bank's co-operative and provides a speedy twenty-four hour secure network.

Switch Branching

Switch branching is where a bank utilises two clearing banks for a single major currency, rather than the precedent of using just one.

Swap

The trading of almost identical products (such as oil) from different locations to save transportation costs. See countertrade.

Surety/Surety-Ship Bond/Guarantee

A surety bond is a guarantee, usually issued by an insurance or surety company, that a particular company will perform according to a contract. In order to collect payment under such a bond, the beneficiary normally must prove actual default on the part of the counterparty, as by furnishing a court judgement, arbitral award or official certificate. Suretyship bonds may be issued subject to the ICC Uniform Rules for Contract Bonds.

Surcharge

Charges added to ocean freight, variously, for bunker (fuel), currency fluctuation, congestion, port detention, or extra risk insurance.

Stuffing

Loading goods inside a container.

Stowage

The placing of cargo in a ship's hold in such a fashion as to assure safe and stable transport.

Stripping

Unloading goods from a container; See also Devanning, Destuffing

STC (Said To Contain) / STW (Said To Weigh)

Notations on transport documents · by which carriers give notice that they do not wish to accept responsibility for the accuracy of a shipper's declarations as to the content, weight or quantity of a particular shipment. See also, Shipper's load and count.

Steamer Guarantee

See letter of indemnity.

Tenor

A Bill of Exchange offering a period of Credit to the payee and payable at the end of the term of credit.

TEU

Twenty-foot equivalent units; a means of measuring the carrying capacity of container ships; e.g., a ship can be said to be capable of 3000 TEU's, which is roughly equivalent to saying it could carry 3000 standard containers.

Types of L/C:

? irrevocable - a Credit which cannot be retracted or revoked once the beneficiary has been notified; there is a presumption under the UCP 500 that a Credit is irrevocable. ? advised - a Credit the opening of which the beneficiary has been informed by a local bank. ? confirmed - a Credit which has received an additional guarantee of payment by a local or highly reputable bank. ? back-to-back - a system utilised by middlemen/intermediaries to finance a single transaction through the use of two L/C's opened in succession (e.g., "back-to-back") in order to permit the middleman/broker to use the ' proceeds from the first Credit to pay off his supplier under the second credit. ? transferable - an L/C which allows the beneficiary to make part or all of his Credit payable to another supplier; used in middleman/brokerage contexts; distinguishable from back-to-back L/C's because the transferable Credit requires the knowledge and authorisation of the importer (applicant/principal). ? revolving - a Credit which can be drawn against repeatedly by the beneficiary; : can take a variety of different forms, depending on whether the credit is limited ' in terms of time, number of possible drafts, maximum quantity per draft, or maximum total quantity. ? cumulative revolving L/C - revolving L/C under which unused amounts . can be carried forward and become available under the next draft. ? red clause - an

L/C allowing payments of advances to the beneficiary (originating in the wool trade in Australia, these clauses used to be printed in red ink). ? deferred - an L/C under which payment by the importer is to take place a specified time after his receipt of the shipping documents. ? sight - an L/C under which the beneficiary is entitled to present a sight draft or sight bill of exchange, which is a call for immediate payment upon acceptance of shipping documents. ? import - an L/C used to finance importation of goods. ? standby - akin to a demand guarantee or bank guarantee, the standby L/C is generally used to assure performance or payment by the counterparty.

Translation Exposure

This refers to parent companies with foreign subsidiaries. There is a risk of reporting lower profits or exchange losses in the consolidated accounts of the group, due to adverse exchange rate movements.

Transaction Exposure

Starts with commitment to make a payment or receive income in a foreign currency at a future date. There is a risk that an adverse exchange rate movement before the payment or receipt occurs could increase costs or reduce income in the domestic currency.

Trade Credit

The use of credit from suppliers is a major source of finance. It is particularly important to small and fast growing firms. The costs of making maximum use of trade credit include: (a) the loss of supplier's goodwill (b) loss of cash discounts

Trimming

The operation of shovelling and spreading, within the ship's hold, dry bulk cargoes such as cement, ore or grains, so as to avoid weight imbalances which might hinder the ship's handling or unloading.

Tramp Vessel

A "freelance" seagoing cargo vessel, available on a contract basis to carry cargoes to any given port. To be distinguished from liner ships, operating according to advertised routes, schedules and rates.

Trade Netting

A consolidation and offsetting of individual trades into net amounts of securities and money between partners or

among member of a clearing system.

Trade Acceptance

A bill of exchange drawn by the seller/exporter on the purchaser/importer of goods sold, and accepted by such purchaser. See bill of exchange.

T/L

Total loss.

TIR

TIR Carnets are transport documents used to cover international transport shipments on road vehicles such as trucks/lorries. TIR Carnets, issued pursuant to the 1949 TIR Convention, allow the truck or other vehicle to pass through all TIR-member countries without having to go through customs inspection until reaching the country of destination.

Time Deposit

Bank deposit of fixed maturity.

Time Draft (Time Bill)

A financial instrument demanding payment at a future fixed date, or a specified period of time after sight (30, 60, 90 days etc.), or after the date of issue. It is also called a usance draft (usance bill). See Draft.

Through Bill Of Lading

A B/L issued to cover transport by at least two successive modes of transport.

TIIC

See Terminal handling charge.

Tariffs

Taxes imposed by governments on imported and exported goods.

Telegraphic Transfer

A cable payment order. A method of payment by bank

transfer.

Tender Bond

(See Bid Bond)

Term Credit

A documentary letter of credit which stipulates that payment will be made to the exporter at a date later than the date on which the exporter presents the documents i.e. at some specified date in the future.

Terms of Trade

Relationship between export and import price indices. If export prices rise more quickly or fall at a slower pace than import prices, there is a favorable ratio.

Title

The legal right to ownership.

Trade Barrier

Artificial restraint on the free exchange of goods and services between countries, usually in the form of tariffs, subsidies, quotas or exchange controls.

Trade Bill

A Trade Bill is a Bill of Exchange "accepted" by a trader. It has more risk attached to it than a Bank Bill.

Trade Finance

Trade Finance is a borrowing facility secured against the asset in question - in most cases the raw materials being bought or the goods being imported. It does not impinge upon the existing overdraft limit or borrowing capacity of the company and so can facilitate a growth in working capital that it may not be possible to arrange otherwise.

Transferable Credit

Transferable Credits allow middlemen finance international trade transactions without having their own financial resources. The Beneficiary of a Transferable Credit can arrange with the Advising Bank to transfer all or part of the Credit to supplier/transferees anywhere in the world, up to the value of the main Credit but only in the manner

and to the extent agreed by the Advising Bank.

Transferee

The recipient of a Credit transferred by the first Beneficiary.

Transferor

The beneficiary of a transferable Documentary Credit who transfers the Credit to a second Beneficiary, subject to the restrictions imposed by 'UCP500'.

Transit Credit

Involves a bank confirming and possibly opening a letter of credit between buyer and seller in other countries. When the buyer and seller are both in a country different to that of the bank confirming the credit, the credit is known as a transit credit.

Transport Documents

Documents indicating loading on board of dispatch or taking in charge.

Trust Receipt

An undertaking signed by a buyer against which a bank releases merchandise to him for the purpose of manufacture or sale but retains the title thereto. The buyer obligates himself to maintain the identity of the goods or the proceeds thereof distinct from the rest of his assets and to hold them subject to repossession by the bank. It is used in conjunction with a pledge.

Terminal Handling Charge (THC)

Handling charges assessed for services rendered within container terminals or with respect to containers which will be processed through terminals. When delivery or pickup of the goods is expected to be at a container terminal, traders are well-advised to stipulate precisely which party will pay for all or part of the terminal handling charges.

T.A.R.G.E.T

Trans European Automated Real-time Gross settlement Express Transfer system. A payment system interconnecting all member states' individual real-time-settlement systems (RTGS).

Uniform Customs and Practice (UCP)

Uniform Customs and Practice for Documentary Credits, International Chamber of Commerce Publications number 500 (referred to as UCP500) is the existing set of rules and regulations covering Documentary Credits which came into effect on 1st January 1994. Most countries in the world adhere to UCP500. Since the publication of UCP500, the ICC has issued four position papers to clarify some of the Articles of UCP500.

UCC-(US)

Uniform Commercial Code, the codification of American commercial U law, followed in substantially uniform fashion by the US states. Article 5 of the UCC deals with letters of credit.

Usance Draft (Usance Bill)

Time draft; a written demand for payment which comes due at a specified future date.

Ultra Vires

Legal jargon for transaction(s) that stem from unlawful activities and is/are therefore deemed to be null and void.

Unidroit

Institute for the Unification of Private Law- International governmental organisation headquartered in Rome. Administrative organisation of treaties conventions, model instruments, and legal guides and research.

Unfair Calling Insurance

Insurance coverage to protect principals who have issued demand guarantees or bonds against an unfair or abusive call of the bond/ guarantee (i.e., one which is not truly based on non-performance by the principal).

UNCTAD

United Nations Commission for Trade and Development- UN Agency based in Geneva, which has developed numerous international instruments as regards trade with developing or transition economies. Notably, UNCTAD houses the ITC (International Trade Centre), a developer of useful guides and manuals for small to medium-sized exporters.

Vostro Accounts

Account maintained abroad by a bank in the currency of the country in which the account is held. The bank holding the account would refer to it as a vostro account while the bank depositing in it would refer to it as a nostro account.

Vienna Convention – 1980

Vienna Convention on the International Sale of 'Goods. International treaty signed by approximately 45 nations, including most leading trading nations. Amounts to a virtual commercial code for international sales transactions, but excludes contracts for services, securities, electricity, and some others; parties may be able to "opt out" of coverage by the Vienna Convention by explicitly stating so in the contract of sale.

Warehouse- To- Warehouse Clause

Insurance coverage of international cargo from export warehouse to import warehouse; coverage may also be substantially extended or limited according to time.

WTDR

A US government credit report on a foreign firm.

World Wide Web (WWW; The Web)

A graphics standard which has become; a virtual subset of the Internet; organisations, universities and companies maintain presences on the Web via "home pages", which are much like animated telephone-book advertisements; the information on the home page may be highlighted (hypertext) in which case the viewer may click on the particular text to obtain access to another data base, home page, or further information.

Worldscale

A scale for quoting freight rates for oil tankers.

Warehouse Receipt (WR)

A document issued by a warehouse operator acknowledging receipt of goods; also referred to as a dock warrant or shed receipt. A warehouse warrant, in contrast, generally connotes a document of ownership/control over goods stored in a particular warehouse.

WPA

With particular average; see marine insurance.

WP (W/O P)

Without prejudice.

With Average (WA)

Marine insurance term meaning that coverage includes partial loss (and not just total loss) of the cargo. See marine insurance.

Wharfinger- (also Wharf inspector, Wharf superintendent, Dock superintendent)

Personnel in charge of receiving and registering goods in a port on behalf of the carrier. Wharfinger's signature of the shipping note assures the shipper that it can proceed to draw up bills of lading pursuant to the terms of the note.

Wharfage (WFG)

Charge for the use of docks.

Waybill (WB)

A non-negotiable transport document, issued for either ocean transport (sea waybill) or air transport (air waybill).

WA

See With average.

Warranty

Confirmation by a borrower that certain information provided as a precondition of lending is correct.