

COMMON TERMINOLOGY

Logistics and Transportation

<i>Logistics/Transportation</i>	
<i>B/L</i>	(Bill of Lading) A contract of carriage, used by ocean, inland waterway, rail and truck common carriers and typically contract carriers. The term literally means "document (bill) of loading (lading---that which constitutes a load of freight)." A bill of lading serves 3-5 basic functions: standardized contract of carriage (vs. a charter party for a negotiated contract of carriage); cargo receipt; consignment instructions (i.e., it directs the carrier to who to deliver the cargo); evidence of shipment (in the case of an on-board bill of lading, but not a receipt-for-carriage bill of lading); title document (in the case of a negotiable bill of lading)
<i>BAF</i>	(Bunker Adjustment Factor) A surcharge added to an ocean shipping rate to compensate the carrier for increases in fuel (bunker oil) costs since the subject rate was originally tariff filed and/or negotiated. In practice, this term is alternately used by carriers to describe the same type of charge as bunker surcharge (BSC) and/or fuel adjustment factor (FAF). BAFs are typically temporary in duration and reviewed on a quarterly basis.
<i>CAF</i>	(Currency Adjustment Factor) An accessorial charge consisting of an additional percentage rate added to the normal commodity or other rate by an ocean carrier multimodal carrier to compensate for changes in operating costs due to changes in currency parities between that of the shipping rate, U.S. Dollars in the U.S., and that of destination and third countries in which the carrier sustains costs. This type of charge is usually filed on a country-by-country basis.
<i>CSC</i>	(Container Service Charge) A container terminal charge usually charged at destination in the local currency. For U.S. outbound cargo, the origin terminal charge for a container is typically referred to as the terminal handling charge (THC).
<i>Delivery Order</i>	This term has various usages. In general, it is a document issued by a carrier, carrier's agent, or breakbulk agent authorizing or ordering its terminal or another carrier or terminal operator to release cargo to a named party, or another agent or carrier on behalf of the named party. Delivery orders are typically issued only after the consignee named on the delivery order has surrendered a properly endorsed B/L (when required, and/or has been verified to be the correct party to receive the cargo, and has paid any charges due the carrier or carrier's agent.) In the U.S., a delivery order document, when properly annotated, may also be used for Customs purposes as a carrier's release order.
<i>Dimensional Weight</i>	This term, which is largely synonymous with volume weight, is the cubic measurement of an item of cargo, or of an entire shipment, divided by some factor to determine whether the chargeable weight will be based on the actual weight or else the cubic size (i.e., dimensional weight) of a consignment. In general, transportation carriers will assess the basic transportation rate, and other weight or measure charges, on the higher of actual weight vs. dimensional weight (i.e., whichever rate basis yields the higher revenue). When transportation charges are based on a class rate, the applicable class rating of a particular product or commodity is at least in part based on its density as shipped.

<i>FAF</i>	(Fuel Adjustment Factor) A type of rate surcharge imposed transportation carriers to cover increases in fuel costs. The term is used by all carriers operating in all transportation modes. When used by ocean carriers, this has the same general purpose and meaning as bunker surcharge (BSC) or bunker adjustment factor (BAF).
<i>FCL</i>	(Full Container Load) A consignment of cargo that sufficient to fill a container to an economical shipping unit under a carrier's tariff, and therefore shipped on a FCL basis.
<i>FEU</i>	(Forty-Foot Equivalent Unit) This is a unit of measurement used to describe the volume of containerized traffic. This literally means "forty-foot equivalent unit" and is used to express the equivalent external cargo unit size of a standard 40 foot dry cargo container (40 feet (12.19m) long, 8 feet (2.438m) high and wide).
<i>Force Majeure</i>	Any "major" circumstance which is totally beyond a party's control and prevents them from fulfilling part or all of their obligations under a contract. Such circumstances as a natural disaster, riot, terrorist act or war could create a force majeure to the extent that it interfered with the performance of one's contract. The force majeure clause is to excuse a carrier from breach of contract for failing to deliver cargo or otherwise perform the contract; all resulting charges for damages are for the account of the shipper.
<i>GRI</i>	(General Rate Increase) A general term to describe an increase in transportation rates by all or most carriers serving a general trade route or market segment.
<i>In-Bond</i>	Also expressed as bonded or under bond. When used in transportation, this most commonly means that a shipment is under Customs custody---that is, the transportation carrier who has physical custody of the goods may not release or transfer them without Customs approval, known as a Customs permit.
<i><u>Incoterms</u></i>	<u>Incoterms</u> , promulgated by the International Chamber of Commerce, is an acronym for "International commercial terms," and provide a standard set of definitions for trade terms (also known as delivery terms and terms of sale) for use in international trade. The eleven terms are: EXW, FCA, FAS, FOB, CPT, CFR, CIF, CIP, DAT, DAP, and DDP. Incoterms facilitate international commerce by promoting common and precise understanding between a seller and buyer of their respective operational obligations, costs and passage of risk of cargo loss or damage under various specified delivery arrangements.
<i>LCL</i>	(Less than Container Load) A consignment of cargo that is insufficient to fill a container to an economical shipping unit under a carrier's tariff, and therefore not shipped on a FCL basis.
<i>LTL</i>	(Less than Truckload) A term used to describe a transportation rate applicable to consignments which do not require the full space or capacity of a truck. Domestic LTL cargo is typically assessed a class rate based on mileage, with either the class rating or the class rate adjusted downward based on weight break points, the highest such break being for TL or FTL sized consignments. An FTL rate break point may be as low as 20,000 lbs. for lower density cargo.

MAWB	(Master Airway Bill) An airwaybill used by an indirect air carrier (typically, though not always, acting as an air cargo consolidator) to subcontract with a direct air carrier to physically transport air cargo for which the IAC has, in turn, issued its house airwaybills to the actual shippers (i.e., cargo owners) and/or sub-consolidators.
MLB	(Mini-Land Bridge) An informal term describing the overland movement of cargo, typically via rail, or a combination of rail and truck, by an ocean carrier to provide through transportation under a single through rate, between an ocean terminal where the vessel loads (or unloads), and the origin (or delivery) point, typically an inland container yard or another carrier port facility, though the delivery/origin point may also be the shipper/consignee's door.
NVOCC or NVO	(Non-Vessel Operating Common Carrier) This term was created by the U.S. FMC to categorize an ocean common carrier which is an indirect carrier - that is, one which does not operate vessels, but instead accomplishes carriage via subcontract with vessel operating carriers. Per FMC Regulations, 46 CFR 515.2, "Non-vessel-operating Common Carrier means a common carrier that does not operate the vessels by which the ocean transportation is provided, and is a shipper in its relationship with an ocean common carrier."
PierPASS	This is an "incentive" program at the Ports of Long Beach and Los Angeles to relieve traffic congestion and reduce air pollution caused by trucks on the freeways and service roads serving the ports, while also reducing truck waiting times at the terminals. This is also the name of the non-profit organization created by the participating marine terminals to operate the "OffPEAK" program, which seems to be used synonymously by the trade. All major marine cargo terminals in the Ports of Long Beach and Los Angeles are participating in the program.
POD	(Proof of Delivery) A general term meaning a confirmation, usually in writing, that a particular consignment was, in fact, delivered, with the date, exact location and name of the party receipting the cargo. A POD may consist of a copy of the actual cargo delivery receipt, with the recipient's signature and date, but if this is what is needed, it should be specifically requested as such.
SCAC	(Standard Carrier Alpha Code) A U.S. standard carrier identification code consisting of two to four alpha characters. Any direct carrier or indirect carrier wishing to do business with the U.S. government, and get paid, must have a SCAC [code].
TEU	(Twenty-Foot Equivalent Unit) This is a unit of measurement used to describe the volume of containerized traffic. This literally means twenty-foot equivalent unit and is used to express the equivalent external cargo unit size of a standard 20 foot dry cargo container (20 feet (6.096m) long, 8 feet (2.438m) high and wide).

<i>THC</i>	(Terminal Handling Charge) This charge combines wharfage charge and handling charge (as defined by the FMC) into a single charge, typically assessed on the same rate basis as the basic transportation rate. In general, this charge covers the carrier's terminal facility, CFS, stevedore contractor and wharfage costs. There are typically separate THC charges assessed at origin and destination, unless the origin and/or destination THC is already included in the basic transportation rate, as it is in certain trades, or included in a lump-sum rate or all-inclusive rate. THC must be filed in an ocean carrier's FMC tariff, typically in the tariff rules section.
<i>Transshipment</i>	This is the movement of cargo from one country, through port(s), airport(s) and/or border crossing points in another country, en-route to a third country. Although transshipped cargo does not enter the commerce of the transshipment country, because it physically enters its Customs territory it comes under the Customs jurisdiction of the transshipment country.
<i>Wharfage Charge</i>	A charge traditionally collected by ocean carriers in the U.S. to cover the fee(s) charged by the wharf and/or port authority. Per FMC Regulations, 46 CFR 525.1(c), "Wharfage means a charge assessed against the cargo or vessel on all cargo passing or conveyed over, onto, or under wharves or between vessels and (to or from barge, lighter, or water), when berthed at wharf or moored in slip adjacent to wharf. Wharfage is solely the charge for use of wharf and does not include charges for any other service."

ABOUT SHAPIRO

Shapiro, a third generation family-owned business founded in 1915, provides creative and flexible logistics services. With six offices, over 100 employees, and worldwide strategic alliances, Shapiro is the supply chain partner that delivers customized, compliant, and reliable solutions to address your specific import and export needs. Only Shapiro has an experienced and personable staff that truly cares about your company and commits themselves to proactively achieving your business goals.