

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

A

AFTA (ASEAN Free Trade Area):

An agreement made in 1992 by ASEAN members to gradually introduce a common effective preferential tariff and lower non-tariff trade barriers for intra-group trade.

A.T.A carnet (admission temporaire):

A standardized customs document permitting duty-free, tax free, and bond-free temporary admission of certain goods such as commercial samples, medical, scientific, or other professional equipment, and advertising materials into participating countries.

Abandonment:

An insurance term indicating that damage suffered by a vessel is severe enough to constitute a constructive total loss. The term also refers to the refusal of a consignee to accept delivery of freight so badly damaged in transit that it is worthless.

Acceptance:

A time draft that the drawee (the payer) has accepted and acknowledged in writing the unconditional obligation to pay it at maturity.

Accepting bank:

A bank that is the drawee of a time draft and that becomes the acceptor of the draft.

Accession:

The process by which a country becomes a member of an international organization or agreement.

Ad valorem:

According to value.

Ad valorem tariff:

A tariff calculated as a percentage of the value of goods cleared through customs, e.g., 15 percent ad valorem means 15 percent of the value.

Advance against documents:

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

Advising bank:

A domestic bank that handles letters of credit for a foreign bank by notifying the exporters that the credit has been opened in their favor and informing them fully of the conditions and terms without assuming responsibility.

Advisory capacity:

A term indicating that a shipper's agent or representative is not empowered to make definitive decisions or adjustments without approval of the group or individual represented.

After date:

A term used to indicate that the date of maturity of a draft is fixed by the date on which it was drawn and is not dependent upon acceptance by the drawee.

After sight:

A term indicating that payment on a draft is due a specified number of days after presentation of the draft to the drawee or payee.

African, Caribbean, and Pacific Countries (ACP):

Developing countries that receive preferential trade treatment from European Union members under the Lome Convention.

Airwaybill:

A non-negotiable instrument of air transport, which serves as a receipt for the shipper, indicating that the carrier has accepted the goods listed and has obligated itself to carry the consignment to the airport of destination according to specified conditions.

All risks coverage:

The broadest type of standard marine insurance coverage; excludes damage caused by war, strikes, and riots.

Alongside:

The side of the vessel. Goods to be delivered alongside are to be delivered to the dock or lighter from which they can be loaded aboard the ship.

American Institute in Taiwan:

Unofficial, non-profit, private agency that represents U.S. commercial, cultural, and other interests in Taiwan.

Andean Community:

A subgroup of the Latin American Free Trade Association (now the Latin American Integration Association) that aims to harmonize members' political, economic, and social policies. Primarily a trade pact formerly known as the Andean Group or Andean Common Market; aims to eliminate tariffs and trade barriers among members.

Andean Group (Grupo Andino):

Also Andean Common Market or Andean Pact (Pacto Andino). Name changed to Andean Community in 1996.

Antidumping duties:

Special tariffs imposed to offset price advantages resulting from imports sold below fair market value.

Arab Cooperation Council:

Organization consisting of Egypt, Iraq, Jordan, and Yemen; created in 1989 to promote economic cooperation and integration among members.

Arab League:

See League of Arab States.

Arab Maghreb Union (Union du Maghreb Arabe):

Established in February 1989 to foster integration of Maghreb economy. Members include Algeria, Libya, Mauritania, and Morocco. Also aims to join the AMU and the Gulf Cooperation Council states in a common market.

Arbitrage:

The process of buying foreign exchange, stocks, bonds, or other commodities in one market and immediately selling them in another market for profit.

Asia Pacific Economic Cooperation (APEC):

Informal grouping of Asia Pacific countries, including the United States; established in 1989 to provide a forum for ministerial level discussion of a broad range of economic issues related to trade and investment. The group has agreed upon a schedule to implement open and free trade among member states.

Asociacion Latinoamericana de Integracion:

See Latin American Integration Association.

Association of Southeast Asian Nations (ASEAN):

A regional organization established in 1967 to promote economic, political, and social cooperation among member countries.

At sight:

The terms of a negotiable instrument indicating that payment is due upon presentation or demand.

B**Balance of payments:**

An accounting statement measuring the value of goods, services, gold, and capital exchanged between one country and all foreign countries.

Balance of trade:

The difference in value between a country's merchandise imports and exports in a specified period.

Bale cargo:

Goods wrapped in burlap or similar material for waterborne transportation.

Banker's acceptance:

A draft drawn upon and accepted by a bank.

Banker's bank:

A bank established by mutual consent by independent and unaffiliated banks to provide a clearinghouse for financial transactions.

Banker's draft:

A draft payable upon demand and drawn by or on behalf of the bank itself. The draft is regarded as cash and cannot be returned unpaid.

Bank for International Settlements (BIS):

A financial institution founded in 1939 to promote cooperation among central banks in international settlements. Headquarters are in Basel, Switzerland.

Bank guarantee:

A guarantee a foreign buyer obtains from a bank that the bank will pay the seller (exporter) up to a certain amount for merchandise shipped if the buyer defaults.

Barratry:

Negligence or fraud on the part of a ship's officers or crew resulting in injury or loss to the ship's owners.

Barter:

Trade in which merchandise is exchanged directly for other merchandise without use of money.

Basel Convention:

A convention restricting trade in hazardous waste, some non-hazardous wastes, solid wastes, and incinerator ash, adopted at a United Nations conference in 1989.

Belgium-Luxembourg Economic Union (BLEU):

The union of Belgium and Luxembourg into a single customs unit with common tariff and excise tax schedules, freedom from internal tariff barriers, a joint foreign trade system, mutual acceptance of local currencies, division of customs and excise receipts on the basis of population, common exchange controls, a single balance of payments, and combined foreign trade statistics.

Beneficiary:

The person in whose favor a letter of credit is issued or a draft is drawn.

Benelux Economic Union:

Cooperative economic and trade effort on the part of Belgium, the Netherlands, and Luxembourg.

Berth:

The place beside a pier, quay, or wharf where a vessel can be loaded or discharged.

Bill of exchange:

See draft.

Bill of lading (ocean):

A document signed by the vessel master or other authorized person on behalf of the carrier, furnishing written evidence for the conveyance and delivery of merchandise to a specified destination. It serves as a document of title, receipt of goods, and a contract to deliver them.

Bonded exchange:

An exchange (currency) that cannot be freely converted into other currencies.

Bonded warehouse:

A warehouse authorized by customs authorities for storage of goods on which payment of duties is deferred until the goods are removed.

Boycott:

A refusal to deal commercially with a person, firm, or country.

Brussels Tariff Nomenclature (BTN):

An international tariff classification system used until 1976 when it was renamed the Customs Cooperation Council Nomenclature (CCCN).

Bulk cargo:

A shipment such as oil, grain, or ore that is not packaged, baled, bottled, or otherwise packed but is loaded without counting or marking. There are two types of carriers—the dry-bulk carrier and the liquid-bulk carrier, better known as a tanker.

C

CFR (also C & F):

Cost and freight. See Incoterms.

C & I:

Cost and insurance. See Incoterms.

CIF:

Cost, insurance, and freight. See Incoterms.

CIP:

Carriage and insurance paid to. See Incoterms.

CPT:

Carriage paid to. See Incoterms.

Cabotage:

A law requiring that coastal and intercoastal traffic be carried by vessels belonging to the country that owns the coast.

Capital goods:

Plant machinery and other equipment for industrial use.

Caribbean Basin Initiative:

An inter-American program to increase economic aid and trade preferences for nations in the Caribbean region.

Caribbean Community and Common Market (CARICOM):

Replaced earlier Caribbean Free Trade Association. An organization of Caribbean countries established to promote regional development coordination.

Caribbean Free Trade Association:

Succeeded by the Caribbean Community and Common Market.

Carnet:

A customs document permitting the holder to carry or send merchandise temporarily into certain foreign countries (for display, demonstration, or similar purposes) without paying duties or posting bonds.

Cartagena Agreement:

The accord creating the Andean Group.

Cartel:

An organization of independent producers formed to regulate the production, pricing, or marketing practices of its members in order to limit competition and maximize their market power.

Cash against documents:

Payment for goods in which a commission house or other intermediary transfers title documents to the buyer upon payment in cash.

Cash in advance:

Payment for goods in which the price is paid in full before shipment is made.

Cash with order:

Payment for goods in which the buyer pays when ordering and in which the transaction is binding on both parties.

Central African Customs and Economic Union (UDEAC—Union Douaniere et Economique de l'Afrique Centrale):

An organization of African countries established to foster closer cooperation, economic integration among members, and the eventual formation of a common market and monetary union.

Central American Common Market (CACM):

Organization to liberalize intra-regional trade and establish a free-trade area and a customs union.

Central bank:

A government owned or controlled bank that oversees other banks in the nation, issues currency, and serves as a depository for government funds.

Central European Free Trade Association (CEFTA):

Regional organization established in 1992 and aimed at eliminating duties on items traded among members and creating a free trade area.

Certificate of analysis:

A certificate issued by a competent office regarding the quality and composition of food products or pharmaceuticals.

Certificate of inspection:

A document certifying that merchandise (such as perishable goods) was in good condition immediately prior to its shipment.

Certificate of manufacture:

A statement, often notarized, in which a producer of goods certifies that the manufacturing has been completed and the goods are now at the disposal of the buyer.

Certificate of origin:

A document required by certain foreign countries for tariff purposes, certifying as to the country of origin of specified goods.

Clean bill of lading:

A receipt for goods issued by a carrier with an indication that the goods were received in apparent good order and condition, without damages or other irregularities.

Clean draft:

A draft to which no documents have been attached.

Clean report of findings:

A report issued by an inspection agency indicating that goods subject to preshipment inspection are acceptable relative to quality, quantity, and price.

COCOM:

The Coordinating Committee for Multilateral Export Controls was a multilateral organization intended to restrict strategic exports to controlled countries, including the former Soviet bloc. Replaced by the Wassenaar Arrangement.

Collection papers:

All documents (invoices, bills of lading, etc.) submitted to a buyer for the purpose of receiving payment for a shipment.

COMECON:

See Council for Mutual Economic Assistance.

COMESA:

See Common Market for Eastern and Southern Africa.

Commercial attache:

The commerce expert on the diplomatic staff of a country's embassy or consulate.

Commercial invoice:

An itemized list of goods shipped and their costs; a record of a transaction between a buyer and seller; bill for the goods from the seller to the buyer.

Commercial risks:

Risks of non-payment for reasons other than specified political risk, such as insolvency or protracted default.

Common agricultural policy (CAP):

The means by which members of the European Union seek to coordinate their individual agricultural policies and programs.

Common carrier:

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

Common external tariff (CXT):

The uniform tariff rate applied to imports from countries that are not members of a specific customs union.

Common market:

An economic association in which there are no tariffs on intra-group trade, a common external tariff, and free mobility of capital and labor.

Common Market for Eastern and Southern Africa (COMESA):

A sub-group of the Preferential Trade Area for Eastern and Southern African States with plans to establish a common external tariff, customs union, and zero percent tariff among members.

Common Monetary Agreement (CMA):

Arrangement by Lesotho, Namibia, South Africa, and Swaziland to apply uniform exchange control regulations to insure monetary order in the region.

Commonwealth:

A free association of sovereign independent states that has no charter, treaty, or constitution. A commonwealth promotes cooperation, consultation, and mutual assistance among members.

Commonwealth of Independent States (CIS):

An association of 12 republics of the former Soviet Union (Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Russia, Tajikistan, Turkmenistan, Ukraine, and Uzbekistan).

Confirmed letter of credit:

A letter of credit, issued by a foreign bank, with validity confirmed by a domestic bank. An exporter who requires a confirmed letter of credit from the buyer is assured of payment by the domestic bank even if the foreign buyer or the foreign bank defaults.

Consignee:

The person or firm named in a freight contract to whom merchandise has been consigned or turned over. Documentation differentiates between an intermediate consignee and an ultimate consignee for export control purposes.

Consignment:

A term used for merchandise shipped from an exporter (consignor) to an importer (consignee) for the importer to sell. The consignor retains title to the goods until the consignee has sold them. The consignee sells the goods for commission and remits the net proceeds to the consignor.

Consular declaration:

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

Consular fee:

A fee charged by a consular agent in an exporting country for certifying that an invoice for merchandise is correct. Consular fees also may be charged for other services, such as visas.

Consular invoice:

A document required by some foreign countries, describing a shipment of goods and showing information such as the consignor, consignee, and value of the shipment. Certified by a consular official of the foreign country, it is used by the country's customs officials to verify the value, quantity, and nature of the shipment.

Container:

A uniform, sealed, reusable metal box in which goods are shipped by vessel, truck, or rail.

Containerization:

A method of shipping merchandise. In the broadest sense, containerization is the use of a box in which to ship merchandise. The box may be with or without wheels, with or without refrigeration equipment, ventilated or unventilated, and manufactured in varying sizes.

Contraband:

Goods smuggled into a country to avoid payment of customs duty.

Convertibility:

The ability to exchange a currency for another currency or gold in the open market.

Convertible currency:

A currency that can be bought or sold for other currencies or gold at will.

Cooperation Council for the Arab States of the Gulf:

See Gulf Cooperation Council.

Correspondent bank:

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

Council for Mutual Economic Assistance (CMEA):

Also COMECON. Soviet bloc trade organization.

Council of the Entente (Conseil de l'Entente):

An organization of states in former French West Africa with the stated purpose of coordinating members' economic and commercial policies.

Countertrade:

The sale of goods or services paid for in whole or in part by the transfer of goods or services from a foreign country.

Countervailing duty:

An extra duty imposed on imports to offset export grants, bounties, or subsidies paid to foreign suppliers by their government as an incentive to export.

Credit risk insurance:

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

Customs:

The authorities designated to collect duties levied by a country on imports and exports. The term also applies to the procedures involved in such collection.

Customs broker:

An individual or firm licensed to enter and clear goods through customs on behalf of an importer.

Customs classification:

The particular category in a tariff nomenclature in which a product is classified for tariff purposes, or the procedure for determining the appropriate tariff category in the system used by the country for the classification, coding, and description of internationally traded goods.

Customs Cooperation Council Nomenclature (CCCN):

The customs tariff used by most trading nations prior to January 1988 when the Harmonized System came into existence. The CCCN was also known as the Brussels Tariff Nomenclature (BTN).

Customs tariff:

A schedule of charges assessed by a country on imported goods.

Customs union:

A group of countries that have eliminated trade barriers among themselves and imposed a common external tariff on imports from other nations.

Customs value:

The value of imported goods on which duties are assessed.

D

DAF:

Delivered at frontier. See Incoterms.

DDP:

Delivered duty paid. See Incoterms.

Date draft:

A draft that matures a specified number of days after the date issued, without regard to the date of acceptance.

Deferred payment credit:

Type of letter of credit providing for payment some time after presentation of shipping documents.

Deferred rebate:

The return of a portion of the freight charges by a carrier or a conference to shippers in exchange for giving all or most of their shipments to the carrier or conference over a specified period, usually six months. The deferred rebate system is illegal in U.S. foreign commerce, but it generally is accepted and used in foreign countries.

Delivery verification certificate:

A form that tracks delivery of goods from the custody of an importer to the custody of a manufacturer. It may be required to substantiate a manufacturing drawback claim or to verify delivery.

Demand draft:

A draft payable on demand from the date of issue.

Demurrage:

Penalty for exceeding the time allotted for loading or unloading a vessel. Demurrage refers only to situations in which the charter or shipper, rather than the vessel's operator, is at fault.

Destination control statement:

Any of various statements that the U.S. government requires to be displayed on documents covering controlled export shipments specifying the destinations for which export of the shipment has been authorized.

Devaluation:

The official lowering of the value of one country's currency in terms of one or more foreign currencies.

Dillon Round:

Trade negotiations under the GATT that took place in 1960 and 1961; named after U.S. Under Secretary of State Douglas Dillon, who proposed the negotiations.

Discharge:

To unload the cargo of a ship.

Dishonor:

Refusal of the drawee to accept a financial instrument.

Distributor:

A foreign intermediary who sells directly for a supplier and maintains an inventory of the supplier's products.

Diversionsary dumping:

A situation that results when foreign producers sell to a third country market at less than fair value and the product is then further processed and sent to another country.

Dock receipt:

A receipt issued by an ocean carrier or its agent to acknowledge receipt of a shipment at the carrier's dock or warehouse facilities.

Documents against acceptance (D/A):

Instructions given by a shipper to a bank indicating that documents transferring title to goods should be delivered to the buyer (or drawee) only upon the buyer's acceptance of the attached draft.

Documents against payment (D/P):

Instructions given by a shipper to a bank indicating that documents transferring title to goods should be delivered to the buyer (or drawee) only upon the buyer's payment of the attached draft.

Domicile:

The place where a draft or acceptance is made payable.

Downstream dumping:

A situation that results when a foreign producer sells at below cost to a producer in the domestic market and the product is then processed again and shipped to another country.

Draft (or 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 payee at a fixed or determinable future date.

Drawback:

A refund of duties paid on imported goods at the time of their re-exportation.

Drawee:

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

Drawer:

The individual or firm that issues or signs a draft and thus stands to receive payment of the indicated amount from the drawee.

Dual pricing:

The practice of selling identical merchandise in different markets at different prices.

Dumping:

The sale of merchandise to a foreign country at less than the fair value in the exporting country.

Durable goods:

Furniture, machinery, appliances, and similar goods that are not processed or consumed by their users.

Duty:

A tax imposed on imports by the customs authority of a country. Duties generally are based on the value of the goods (ad valorem duties), some other factor such as weight or quantity (specific duties), or a combination of value and other factors.

E

Economic Community of Central African States (Communaute Economique des Etats de l'Afrique Centrale, CEEAC):

A regional organization created by the Central African Customs and Economic Union to promote economic cooperation, eliminate barriers to intra-community trade, establish a common external tariff, and move towards a common market.

Economic Community of the Great Lake Countries (Communaute Economique des Pays des Grands Lacs, CEPGL):

An organization established to foster economic cooperation and integration. Members include Burundi, Rwanda, and Zaire.

Economic Community of West African States (ECOWAS):

Organization designed to promote trade, cooperation, and self-reliance in West Africa; provides for free movement of people, services, and capital, and promotes harmonization of agricultural policies, common monetary policies, and joint development of economic and industrial policies.

Economic and Social Commission for Asia and the Pacific (ESCAP):

A United Nations commission designed to provide the only intergovernmental forum for Asia and the Pacific and to execute development programs through technical assistance, advisory services to governments, research, training, and information.

Economic sanctions:

A foreign policy tool used to punish and/or influence a target nation. Sanctions can include prohibiting trade, economic assistance, financial transactions, or even all economic relations.

Economic zones:

A designated region that operates under special laws providing investment incentives such as duty-free importation of equipment, raw materials, and supplies used as inputs for re-exported manufactured goods. The term is most often used in the People's Republic of China and the former Soviet Union.

Embargo:

A restriction or prohibition on exports or imports with respect either to specific products or specific countries.

Entrepot:

An intermediary storage facility housing merchandise temporarily for distribution within a country or for reexport.

Eurobond:

A bond denominated in a currency and traded in a market outside the issuing country.

Eurocurrency:

The deposit of one country's currency in another country. The term external currency is also used.

Eurodollars:

U.S. dollar denominated deposits in banks and other financial institutions outside the United States. The term reflects the fact that Europe was the depository for most such offshore funds originally. The terms offshore dollars and Asian dollars may also be used, depending upon where the money is deposited.

European Coal and Steel Community (ECSC):

A common market in coal and steel through which tariffs, quotas, and currency restrictions affecting intra-community trade in coal, iron ore, and scrap metal were abolished. The ECSC served as a model for the institutions of the European Community.

European Commission:

A major institution of the European Union. The commission is responsible for initiating proposals for legislation, insuring the implementation of treaties to which the EU is party, executing EU policies, and representing the union in trade negotiations with non-member countries.

European Community (EC):

A regional organization under the umbrella of the European Union; created to eliminate intra-regional barriers to trade, erect a common external tariff, and gradually adopt various integrating measures such as a common agricultural policy (CAP).

European currency unit (ECU):

A basket of European currencies used by the EC for accounting purposes. The ECU is not used by persons but by banks. See also European Monetary System, European Monetary Union, and Exchange Rate Mechanism.

European Economic Area (EEA):

A trade organization that joins members of the European Free Trade Area and the European Union in a single market and the free movement of people, goods, capital, and services.

European Free Trade Association (EFTA):

A regional trade organization that aims to bring about free trade in industrial goods and an expansion of trade in agricultural goods between its member countries and to contribute to the liberalization and expansion of world trade.

European Monetary System (EMS):

A system established to promote monetary stability and economic integration in Europe. The EMS uses the European currency unit (ECU) to set central rates in the exchange rate mechanism and as a reserve instrument and means of settlement among EMS banks. All members of the EU use the system except Greece and the United Kingdom.

European Monetary Union (EMU):

The system under which EU members seek to adopt a single currency and other monetary policies under provisions of the Maastricht Treaty.

European Union (EU):

An umbrella organization created by the Maastricht Treaty to include the European Community, as well as integration efforts under the Common Foreign and Security Policy, and Justice and Home Affairs.

Ex:

The point at which the price is quoted, such as Ex factory, Ex mill, or Ex warehouse.

Exchange permit:

A government permit sometimes required to enable the importer to convert domestic currency into foreign currency with which to pay a seller in another country.

Exchange rate:

The price of one currency in terms of another, i.e., the number of units of one currency that may be exchanged for one unit of another currency.

Exchange Rate Mechanism (ERM):

A program under which EU members agree to maintain parity in exchange rates among their currencies. Limits are set on the amounts by which exchange rates may vary between any two currencies. When an exchange rate reaches the limit, the central banks of the two countries intervene in the market to insure that the limit is not exceeded.

Eximbank:

The Export-Import Bank. The U.S. Eximbank is an independent agency that finances the export of U.S. goods and services through loans, guarantees, working capital guarantees, and insurance.

Export Administration Act:

Statutory authority for the president to restrict or to suspend U.S. exports in order to protect the national security, to protect short supplies, or to further foreign policy objectives.

Export broker:

An individual or firm that brings together buyers and sellers for a fee but does not take part in actual sales transactions.

Export commission house:

An organization acting on commission as a purchasing agent for a foreign buyer.

Export control:

Any restriction or regulation of exports, such as licensing requirements and embargoes.

Export Control Classification Number (ECCN):

A number assigned to every product exported from the United States; it identifies the category, product group, type of control, and country group level of control for the product. ECCN was formerly called Export Control Commodity Number.

Export credits:

Direct credits or loans to facilitate exports.

Export declaration:

See Shipper's Export Declaration.

Export license:

A government document permitting the licensee to engage in the export of designated goods to a certain destination.

Export management company:

A private firm that serves as the export department for several manufacturers, soliciting and transacting export business on behalf of its clients in return for commission, salary, or retainer plus commission.

Export merchant:

A company that buys products directly from manufacturers then packages and marks the merchandise for resale under its own name.

Export processing zones (EPZs):

A form of free trade zone that provides incentives for industrial or commercial export activity. These zones are also known as special economic zones or development economic zones.

Export quotas:

Specific restrictions or target objectives on the value or volume of exports of specified goods imposed by the government of the exporting country.

Export subsidies:

Direct government payments or other forms of economic assistance that benefit goods sold in foreign markets.

Export trading company:

A firm principally engaged in exporting goods and services or in facilitating exports by unaffiliated persons.

E

FAS:

Free alongside. See Incoterms.

FCA:

Free carrier... (named point). See Incoterms.

FOB:

Free on board. See Incoterms.

F.P.A.:

Free of Particular Average. The minimum level of marine insurance available covering loss when a ship carrying goods is involved in collision or is stranded or sunk.

Fast track:

Procedures adopted by the U.S. Congress to approve trade legislation in an up or down vote, with no amendments, and within a fixed period of time.

Flag of convenience:

A ship registered under the flag of a country that offers conveniences regarding taxes, crew, and safety requirements.

Food for Peace Program:

A U.S. government program that seeks to provide foreign food assistance while also expanding domestic agricultural exports, providing humanitarian relief, and aiding the economic development of less developed countries.

Force majeure:

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

Foreign access zone:

A term used in Japan to describe a type of free trade zone.

Foreign Corrupt Practices Act:

Legislation that prohibits U.S. individuals, companies, and direct foreign subsidiaries of U.S. companies from offering, promising, or paying anything of value to any foreign government official to obtain or retain business.

Foreign Credit Insurance Association (FCIA):

An association of leading private insurance companies in the United States that underwrite the risks of Eximbank.

Foreign exchange:

The currency or credit instruments of a foreign country; transactions involving purchase and/or sale of currencies.

Foreign flag:

A reference to a carrier not registered in the United States that flies the American flag. The term applies to air and sea transportation.

Foreign sales agent:

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

Foreign Sales Corporation (FSC):

Replaced the earlier Domestic International Sales Corporation (DISC). A corporate entity under which a certain portion of export related income may be exempt from U.S. taxation in order to promote exports.

Foreign trade zone:

A restricted-access site in or near a port designed by the government of a country for duty-free entry of non-prohibited goods; merchandise may be stored, displayed, used for manufacturing, etc., within the zone and re-exported without duties being paid.

Forward exchange contract:

A contract for the purchase or sale of foreign exchange at a fixed rate with delivery at a specified time.

Forwarder:

See freight forwarder.

Foul bill of lading:

A receipt for goods issued by a carrier with an indication that the goods were damaged when received.

Free port:

An area such as a port city into which merchandise may be stored without payment of duties pending re-export or sale.

Free trade zone:

A generic term to describe special commercial and industrial areas located in or near ports of entry where foreign merchandise may be imported without the immediate payment of duty. Merchandise brought into the zone may be stored, exhibited, assembled, processed, or used in manufacture prior to re-export or entry into the national customs territory. Free trade zones are also known as customs free zones and duty free zones.

Freight forwarder:

An independent business that handles export shipments for compensation.

G

GATT:

General Agreement on Tariffs and Trade. A multilateral treaty whose purpose is to help reduce trade barriers among signatory countries and to promote trade.

GmbH:

A German limited liability company.

General cargo:

Miscellaneous goods carried in units or small quantities and varying in weight, size, condition, nature, and class.

General export license:

Authority to export without the need for a specific or validated export license.

General tariff:

A tariff applied to imports from countries that do not enjoy either preferential or most-favored-nation tariff treatment.

Generalized System of Preferences (GSP):

An U.S. system of non-reciprocal tariff preferences for the benefit of certain developing countries. The program grants duty-free entry for imports from eligible developing nations, with specific limitations on the value and volume of imports permitted, and provides for the graduation of countries achieving a certain level of per capita GNP.

Gross weight:

The full weight of a shipment, including goods, packaging, and container.

Gulf Cooperation Council (GCC):

Organization providing the means for coordination, integration, and cooperation in all economic, social, and cultural affairs among its members; also known as the Cooperation Council for the Arab States of the Gulf.

H

Hard currency:

A currency that is sound enough to be accepted at face value internationally.

Harmonized Commodity Description and Coding System (HS):

The international classification system for goods implemented in 1988; used for tariff classification, trade statistics, and transport documentation in an effort to increase the uniformity of customs nomenclature and procedures in cooperating countries.

Heavy lifts:

Freight too heavy to be handled by regular ship tackle.

Hedging:

The forward purchase or sale of foreign exchange to avoid or minimize losses in the event of an unfavorable change in the currency exchange rate.

I

Import certificate:

A means by which the government of the ultimate destination exercises legal control over the internal channeling of the goods covered by the certificate.

Import license:

A document required and issued by some national governments authorizing the importation of goods.

Import quota:

A means of restricting imports by licensing importers and assigning each a limited import ceiling. Such licenses may also specify the country from which the importer must purchase the goods.

In bond:

A term applied to the status of merchandise admitted provisionally to a country, without payment of duties, either for storage in a bonded warehouse or for transshipment to another point where duties will be imposed.

Incoterms:

International rules published by the International Chamber of Commerce for the interpretation of foreign trade terms.

Inland bill of lading:

A bill of lading used to transport goods over land to the international carrier.

Insurance certificate:

A document that assures the consignee that the merchandise is insured to cover loss or damage while in transit.

Intelpost:

A high speed international electronic (facsimile) mail service operating between the United States and other countries.

International Chamber of Commerce (ICC):

An organization founded to promote free trade and private enterprise and to represent business interests at the national and international level. The ICC is composed of national councils from over 60 countries.

International Electrotechnical Commission (IEC):

A non-governmental organization comprised of the national committees of member countries and concerned with standards for the electrical and electronic engineering fields.

International Monetary Fund (IMF):

A financial institution created to promote international monetary harmony, monitor exchange rate and monetary policies of member states, and provide credit for member states that experience temporary balance of payments deficits.

International Standards Organization (ISO):

A worldwide non-governmental federation of national standards groups concerned with standardization in all areas except electrical and electronic engineering, which is handled by the International Electrotechnical Commission.

Invisible trade:

The foreign trade of services, travel, transportation, and interest from investments abroad.

Irrevocable letter of credit:

A letter of credit in which the specified payment is guaranteed by the bank if all terms and conditions are met by the drawer.

Issuing bank:

The bank that issues a letter of credit; also called the opening bank.

J

Joint venture:

A business undertaking in which more than one firm share ownership and control.

K

Kennedy Round:

Trade negotiations under the GATT that took place between 1964 and 1967, named after President John F. Kennedy.

L

Latin America Free Trade Association (LAFTA):

Replaced by Latin American Integration Association.

Latin American Integration Association (LAIA):

The successor to the Latin American Free Trade Association; concentrates on economic and regional tariff preferences. In Spanish the acronym is ALADI.

League of Arab States:

A regional economic and trade group seeking to promote better relations among members. Also known as the Arab League.

Letter of credit (L/C):

A document that substitutes the credit standing of the issuing bank for that of the buyer assuring the beneficiary (exporter) that the (exporter's) draft will be honored when presented if the terms of the credit are complied with.

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 proprietary material) in return for specified royalties or other payment.

Lighter:

An open or covered vessel used to transfer cargo between ship and shore primarily in harbors and inland waterways and for shorter trips than barges.

Liner:

An ocean vessel used on a particular route with regular sailings.

Lome Convention:

An agreement between the EU and African, Caribbean, and Pacific developing nations providing for non-reciprocal financial and technical assistance on the part of the EU, as well as duty-free entry of many ACP products into European markets.

Long-dated forward:

A forward exchange contract whose maturity exceeds one year.

Lusophone countries:

Countries in which Portuguese is the official language.

M

Maastricht Treaty:

The treaty creating the European Union; also known as the Treaty of the European Union.

Maghreb states:

See Arab Maghreb Union above.

Mano River Union:

A regional group promoting an economic and customs union among members. Members include Guinea, Liberia, and Sierra Leone.

Maquiladora:

A program established by the Mexican government allowing foreign manufacturers to ship components into Mexico duty-free for assembly and subsequent re-export. Also known as the in-bond industry program.

Marine insurance:

Insurance covering loss or damage of goods at sea. Marine insurance typically will compensate the owner of merchandise for losses sustained from fire, shipwreck, piracy, and various other causes but will exclude losses that legally can be recovered from the carrier.

Market access:

The openness of a national market to foreign products, reflecting a government's willingness to permit imports to compete unimpeded with domestically produced items.

Marking:

Letters, numbers, and other symbols placed on cargo packages to facilitate identification.

Marks of origin:

Physical markings on a product indicating the country where the merchandise was produced.

Mate's receipt:

A receipt signed by the mate of a vessel, acknowledging receipt of cargo; this type of receipt is used in charter trade and is not negotiable.

MERCOSUR (Mercado Commun del Sur—Southern Cone Common Market):

A preferential trade agreement among countries of the southern cone of South America that aims to establish free trade and increased economic cooperation among members. The acronym in Portuguese is MERCOSUL.

Most-favored-nation treatment:

A commitment that a country will extend to another country the lowest tariff rates or the most favorable non-tariff policies it applies to any third country. All GATT contracting parties undertake to apply such treatment to each other.

Multi-fiber Arrangement:

An international umbrella compact authorized under GATT allowing contracting nations to negotiate bilaterally quantitative restrictions on textile imports to the extent necessary to prevent market disruption in the importing country. Under the Uruguay Round Agreement on Textiles and Clothing, quotas are scheduled to be phased out gradually and trade in textile and clothing made subject to the same rules as other categories.

Multilateral trade negotiations (MTN):

A general term applicable to any of the rounds of negotiations held under the auspices of the GATT since 1947.

Multinational corporation:

A business that owns or controls product or service facilities outside the country in which it is based.

Mutual recognition agreements:

Agreements that allow countries to accept each other's test results and certification of quality assurance for specific product categories.

N

NAFTA (North American Free Trade Agreement):

A regional preferential trade agreement that aims to eliminate tariffs and other trade, services, and investment barriers among its members.

Net weight:

Weight of the goods without any immediate wrappings.

Non-market economy:

A system in which economic activity is regulated by central planning rather than by market forces.

Non-tariff barriers:

Import quotas, variable levies, foreign exchange controls, performance requirements, discriminatory labeling, quality standards, and other non-tariff measures imposed by the government to restrict or to prevent the international exchange of goods.

O

Open account:

A trade arrangement in which goods are shipped to a foreign buyer without guarantee of receiving payment.

Open insurance policy:

A marine insurance policy that applies to all shipments over a period of time rather than on a single shipment.

Opening bank:

The bank that issues the letter of credit. Same as issuing bank.

Orderly marketing agreement:

A bilateral agreement whereby one nation agrees to limit exports of specified "sensitive" goods to the other.

Overseas Private Investment Corporation (OPIC):

An U.S. government agency that provides investment guarantees to U.S. companies investing in other countries.

P

Packing list:

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

Particular average: ,

Partial loss or damage to goods.

Pass-through:

An operation involving a foreign country's use of one country in a trade bloc to gain preferential treatment from other countries in the bloc. Also known as transshipment.

Phytosanitary inspection certificate:

A plant health certificate issued to satisfy import regulations of foreign countries, indicating that a shipment has been inspected and is free from harmful pests and plant diseases.

Political risk:

The risk of loss due to currency inconvertibility, government action preventing entry of goods, expropriation or confiscation, war, hostilities, blocking of exchange, and other risks outside the commercial sphere.

Port authority:

The government body responsible for maintaining airport and pier facilities, including transit sheds, loading equipment, and warehouses.

Port shopping:

A practice employed by exporters and importers to choose a port based on customs treatment rather than the quality of available facilities.

Power of attorney:

An affidavit authorizing a party to act on one's behalf; usually stating the specific authority granted to the agent. It usually must be notarized and certified by a chamber of commerce.

Preferential Trade Area for Eastern and Southern African States (PTA):

A regional trade group established to support economic development and cooperation in the areas of agriculture, communications, customs, industry, monetary affairs, natural resources, and trade among members.

Pro forma invoice:

A model invoice that the buyer can use when arranging financing or applying for an import license or exchange control permit.

Protection:

Government measures, including both tariff and non-tariff measures, that raise the cost of imported goods or otherwise restrict their entry and thus strengthen the competitive position of domestic goods compared to foreign products.

Protectionism:

The deliberate use or encouragement of restrictions on imports to enable relatively inefficient domestic producers to compete successfully with foreign producers.

Purchasing agent:

An agent who purchases goods on behalf of foreign importers such as government agencies and large private concerns.

Purchasing power parity:

A theory that states that exchange rates between currencies are in equilibrium when their purchasing power is the same in each of the two countries.

Q

Quantitative restrictions:

See import quotas.

Quotation:

An offer to sell goods at a stated price and under specified conditions.

R

Rate of exchange:

The value of one country's currency in terms of another.

Rebate:

The return of all or part of an amount paid.

Reciprocity:

The reduction of one country's import tariffs or other trade restraints in return for comparable trade concessions from another country.

Remittance:

The transmittal of payment in the form of cash or negotiable instruments from one party to another.

Remitting bank:

Bank that sends the draft to overseas bank for collection.

Restrictive business practices:

Actions taken by the private sector, such as collusion among large international suppliers, to restrict competition and keep prices high.

Revaluation:

An official increase in the value of one nation's currency expressed in the terms of another.

Revocable letter of credit:

A letter of credit that can be canceled or altered by the drawee (buyer) after it has been issued by the drawee's bank.

S

S.A.:

Abbreviation for the French and Spanish terms for "incorporation."

Sales representative:

An agent responsible for distributing, representing, servicing, or selling merchandise for foreign sellers.

SAPTA (South Asian Preferential Trading Arrangement):

Regional trade agreement among members of the South Asian Association for Regional Cooperation to reduce tariffs on certain goods containing at least 50 percent SAPTA content.

Schedule B:

Refers to "Schedule B, Statistical Classification of Domestic and Foreign Commodities Exported from the United States." All commodities exported from the United States must be assigned a Schedule B number.

Selling rate:

The rate at which foreign currency is sold.

Shipper's Export Declaration:

A form required by the U.S. Commerce Department indicating value, weight, destination, and other basic information about an export shipment.

Ship's manifest:

An instrument in writing, signed by the captain of a ship, that lists the individual shipments constituting the ship's cargo.

Shipping weight:

The gross weight of a shipment, including moisture content, wrappings, crates, boxes, and containers (other than cargo vans and similar substantial outer containers).

Sight draft:

A draft payable upon presentation.

Soft currency:

Currency that is not fully convertible to all currencies but only to some other soft currencies.

South Asian Association for Regional Cooperation (SAARC):

A regional group promoting economic, technical, scientific, and social cooperation among members.

Southern African Customs Union (SACU):

An agreement among Botswana, Lesotho, Namibia, South Africa, and Swaziland to maintain a common external tariff, share customs revenues, and allow the free exchange of goods within the area.

Southern African Development Community (SADC):

A regional group that seeks to harmonize economic policy among members, mobilize resources, share technology, and eventually create a common market.

Southern African Development Coordination Conference (SADCC):

The former name of the Southern African Development Community.

Southern Common Market:

See MERCOSUR.

Special drawing rights (SDR):

A monetary instrument established by the International Monetary Fund to take the place of gold as a supplemental international monetary reserve asset. The unit of value of an SDR reflects the daily exchange value of a basket of five major currencies.

Spot exchange:

The purchase or sale of foreign exchange for immediate delivery.

Standard International Trade Classification (SITC):

A standard numerical code system developed by the United Nations to classify commodities used in international trade.

Standards:

Technical specifications that indicate characteristics of a product relative to quality, performance, safety, or dimensions. Other product characteristics may include terminology, symbols, testing and testing methods, packaging, marking, and labeling.

State-controlled trading company:

In a country with a state trading monopoly, a trading entity empowered by the country's government to conduct export and/or import business.

State trading nations:

Countries that rely on government entities rather than private corporations to conduct trade.

Steamship conference:

A voluntary association of steamship lines operating under mutually agreed upon freight rates.

Subsidy:

A grant or bounty paid by a government for the manufacture, production, or export of a commodity.

T

T.I.R. carnet (transit international routier):

A customs document that simplifies, facilitates, and expedites customs procedures related to the transborder movement of containerized goods without the payment of duties, taxes, and deposits and without customs examination.

Tanker:

A vessel designed for transporting fluid cargoes in bulk but also used for the transport of grain.

Tare:

Weight of the package in which merchandise is contained and/or packing materials used to protect it. Gross weight minus tare gives net weight.

Tariff quotas:

Application of a higher tariff rate to imported goods after a specified quantity of the item has entered the country at the usual tariff rate during a specified period. Tariff quotas do not limit the quantity of goods that may be imported but limit the quantity of the imported goods subject to the lower duty rate.

Tariff schedule:

A comprehensive list of the commodities that a nation may import with the applicable import duties.

Technical barriers to trade:

As used in the GATT Standards Code, a characteristic (such as quality, performance, or safety level) a product must satisfy in order to be imported.

Tenor (or Usance):

Term fixed for payment of a draft; e.g., 90 days after sight.

Through bill of lading:

A bill of lading covering goods being moved on various means of transportation.

Time draft:

A draft that matures either a certain number of days after sight by the drawee or a certain number of days after the date of the draft.

Tokyo Round:

GATT trade negotiations that took place from 1973 to 1979.

Transaction statement:

A document that delineates the terms and conditions agreed upon between the exporter and importer.

Transshipment:

The act of sending an exported product through an intermediate country before routing it to the intended country of final destination.

Transit zone:

A type of free trade zone. Transit zones are ports of entry established as storage and distribution centers for neighboring countries that lack adequate port facilities or access to the sea.

Transmittal letter:

A list of the particulars of the shipment and a record of the documents being transmitted together with instructions for disposition of documents. Any special instructions are also included.

Transparency:

The extent to which laws, regulations, agreements, and practices affecting international trade are open, clear, measurable, and verifiable.

Treaty of Rome:

The charter establishing the European Community.

Trust receipt:

An agreement signed by a buyer against which a bank releases merchandise to the buyer but retains title thereto. The buyer is obliged to maintain the identity of the goods or the proceeds thereof distinct from the rest of the assets and to hold them subject to repossession by the bank.

Turnkey:

A method of construction under which the contractor assumes total responsibility from design through completion of the project.

U

UCP (Uniform Customs and Practice for Commercial Documentary Credits):

Universally accepted set of rules governing letters of credit transactions in more than 160 countries around the world.

Ultimate consignee:

The person located abroad who is the true party of interest, receiving the export for the designated end-use.

Unclean bill of lading:

A bill of lading containing reservations on the condition of the goods, the packaging, or both.

Unfair trade practices:

Unusual government support to firms, such as export subsidies, or certain anti-competitive practices by firms themselves like dumping, boycotts, or discriminatory shipping arrangements that result in competitive advantages for the benefiting firms in international trade.

Unilateral:

An action taken by a country acting singly and not dependent on, or conditional on, any action by another country.

United States Council for International Business Inc.:

The American affiliate of the International Chamber of Commerce, the Business and Advisory Council to the Organization for Economic Cooperation and Development, and the International Organization of Employers.

United States Munitions List (USML):

A list of items or categories of items considered to be defense articles and defense services subject to export control.

Unitization:

The consolidation of a number of individual items into one large shipping unit for easier handling. It is also the securing or loading of one or more large items of cargo onto a single structure, such as a pallet.

Universal Postal Union:

The convention that governs the exchange of mail, except parcel post and international express mail, between the United States and other countries.

Uruguay Round:

GATT trade negotiations launched in Punta del Este, Uruguay, that took place from 1986 to 1993.

V

Validated export license:

A document issued by the U.S. government authorizing the export of specific commodities that, by law, require written export authorization.

Valuation:

Determination of value of imported merchandise in order to assess duties.

Value-added tax (VAT):

An indirect tax assessed on the increase in value of goods from the raw material stage through the production process to final consumption. The tax to each processor or merchant is levied on the amount by which the merchant has increased the value of items purchased for resale.

Visa:

An official stamp in a traveler's passport granting entry into a country.

Voluntary restraint agreements:

Informal bilateral or multilateral agreements in which exporting countries voluntarily limit exports of certain products to a particular country in order to avoid the imposition of import restrictions, reduce trade friction, and avoid economic dislocation in the importing country.

W

W.A.:

With average. A marine insurance term meaning that shipment is protected from partial damage whenever the damage exceeds a certain percentage.

Warehouse receipt:

A receipt issued by a warehouse listing goods deposited there; it may be specified as negotiable or non-negotiable.

West African Economic Community (Communauté Economique de l'Afrique de l'Ouest, CEAO):

Replaced by the West African Economic and Monetary Union.

West African Economic and Monetary Union (Union Economique et Monetaire de l'Afrique de l'Ouest, UEMOA):

A regional organization that promotes the exchange of economic information, coordination of industrial and agricultural development, intra-African trade, and the creation of a common market.

Wharfage:

A charge assessed by a pier or dock owner against the cargo or a steamship company for use of the pier or dock.

Without reserve:

A term indicating that a shipper's agent or representative is empowered to make definitive decisions and adjustments abroad without approval of the group or individual represented.

World Trade Organization (WTO):

An international organization established under the Uruguay Round of the General Agreement on Tariffs and Trade to replace GATT and to facilitate implementation of trade agreements reached in the Uruguay Round by bringing them under one institutional umbrella, requiring the full participation of all countries in one trading system, and providing a forum to discuss new issues facing the international trading system.

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