**Additional costs:** the price you negotiate with overseas customers also need to include some additional costs. For example, transportation costs may include the cost of special packaging and labelling, while the detailed documentation you generally need may involve extra costs.

**Ad valorem:** According to value (see Duty).

**Advising Bank:** bank operating in an exporter’s country that handles letters of credit (see Letter of Credit) for a foreign bank by notifying the exporter that the credit has been opened in its favour. The advising bank lets the exporter know exactly what the conditions of the letter of credit are but isn’t necessarily responsible for payment.

**Air waybill:** a bill of lading (see Bill of lading) that covers both domestic and international flights carrying goods to a specified destination.

**Anti-dumping:** if a company exports a product at a price lower than the price it normally charges in its home market, it’s said to be dumping the product. Member countries of the World Trade Organisation may be able to impose certain measures on other members that dump products on their markets.

**Asian dollars:** US dollars deposited in Asia and the Pacific Basin.

**ATA:** admission temporaire of temporary export, used in conjunction with the term carnet.

**Bill of exchange:** written document in which a supplier is guaranteed payment of a specified amount by a drawee by a fixed date. The drawee is generally the customer but is likely to be the customer’s bank if the bill of exchange is used with a term letter of credit (see Letter of Credit).

The bill can request immediate payment (“at sight” or “on demand”). It can specify payment at a later date (“the term”). Drawees become legally liable for payment once they accept (agree to pay) the bill.

**Bill of lading:** document generally issued by a shipper which acts as a receipt for goods received for carriage. In addition it provides evidence of the terms of contract between a shipper and a transport company under which goods are moved between specified places for a specified charge. And a bill of lading also acts as a transferable document of title to goods – meaning goods can be bought and sold dimply by exchange of the bill. Bills of lading are used for all modes of transport – they’re known as air waybills for airfreight. See also Air Waybill.

**Bonded warehouse:** warehouse authorised by Customs for storing goods on which payment of duty is deferred until the goods leave the warehouse.
British International Freight Association (BIFA): body representing the UK international freight services industry. BIFA can provide you with a list of freight forwarders (see Freight Forwarders) and customs clearing agents.

British Trade International: government body operated by the Department of Trade and Industry and the Foreign Commonwealth Office to promote trade development and promotion in the UK. Through UK Trade & Investment, it offers free and impartial advice to businesses which trade abroad, both online and through its information centre.

Carnet: Customs document which allows you to carry or send goods temporarily into certain countries for display or demonstration purposes without paying duty or posting a bond.

Cash in advance (CIA): full payment for exported goods before shipment is made.

Cash with order (CWO): the buyer pays for goods when ordering. The transaction is binding on both supplier and customer.

Certificate of inspection: document certifying that certain types of goods (such as perishable items) were in good condition before shipment.

Certificate of insurance: shows insurance cover has been arranged for goods being exported. It should detail the degree of cover and list the policy number and all other relevant details.

Certificate of manufacture: statement (often legalised by a notary) in which a producer of goods certifies that manufacture has been completed and the goods can be bought.

Certificate of origin (C/O): statement on the origin of goods. You may need one if you’re exporting to a number of countries. They’re available from your chamber of commerce for goods of EU origin.

CFR: cost and freight. This is an Incoterm. Find more information about Incoterms at the Incoterms 2000 website. The seller clears the goods for export and meets the cost of carriage to the port in the destination country. But the buyer bears all risks after delivery, which occurs when goods pass over the ship’s rail in the port of shipment. The buyer also bears any extra costs caused by events that happen after delivery.

CIF: cost, insurance and freight. This is also an Incoterm. Find more information about Incoterms at the Incoterms 2000 website. The seller clears goods for export and meets the cost of carriage to the port in the destination country, including insurance. But the importing buyer bears all risks, except marine insurance, after delivery.

Delivery occurs when goods pass over the ship’s rail in the port of shipment. The buyer also bears any extra costs caused by events that happen after delivery.
CIP: carriage and insurance paid to (named place of destination). This is an Incoterm. Find out more information about Incoterms on the Incoterms 2000 website. The seller clears the goods for export and pays for delivery to the named destination. The goods are delivered when the seller passes the goods to its carrier. From this point the buyer takes responsibility for all costs and risks. But the seller must also take out insurance to cover the buyer's risk during transport.

Commercial agent or sales agent: a person or organisation appointed by exporter to sell and distribute goods in a foreign country.

Commercial invoice: bill listing the goods and prices shipped by an exporter.

Confirmed letter of credit: letter of credit issued by an overseas bank but also confirmed by a domestic bank (in your country). Under these circumstances you’ll be paid by the domestic bank even if your buyer or other bank defaults, providing the terms of the letter are met fully. (see letter of credit)

Consignment: when goods are exported subject to consignment, the exporter only receives payment on completed sales. Any unsold items may be returned to the exporter, usually at their expense. This is a high-risk method of payment for an exporter.

Consolidator: company issuing bills of lading (see Bill of lading) for the carriage of cargo on vessels or aircraft.

Containerised/containerisation: the packing of goods for transport in sealed containers.

Convertible currency: a currency that can be bought and sold for other currencies at will.

Correspondent bank: a bank that handles in its own country the business of a foreign bank.

CPT: carriage paid to (named place of destination). This is an Incoterm. Find more information about Incoterms at the Incoterms 2000 website. The seller clears the goods for export and pays for delivery to the named destination. The goods are delivered when the seller passes the goods to its carrier. From this point the buyer takes responsibility for all costs and risks.

Credit-risk insurance: insurance for exporters designed to cover risk of non-payment for delivered goods. (See Export Credits Guarantee Department).

Customs and Excise: UK government department with the responsibility for collecting VAT and other taxes and customs duties. It’s also charged with preventing illegal imports of drugs, alcohol and tobacco smuggling and VAT and duties fraud.
Customs commodity code: eight-digit commodity code required for exports outside the EU. It needs to be entered on your customs export declaration. Sometimes known as the “first eight digits of the Customs Tariff number” or “CN (Customs nomenclature) code”, it’s also used as the basis for the import declaration in the country of destination. Find more information about Customs community codes in Customs Notice 600 on the Customs and Excise website.

Customs Freight Simplified Procedures (CFSP): electronic declaration methods that simplify customs procedures for clearing non-EU imported goods either at a frontier or upon removal from a free zone or customs warehouse. Find more information about CFSP at the Customs and Excise website.

DAF: delivered at frontier (named place). This is an Incoterm. Find more information about Incoterms at the Incoterms 2000 website. The seller clears the goods for export and pays for delivery. The goods are delivered – not unloaded or cleared for import – when they arrive at the named place at the frontier of the importing country but outside the customs border. The buyer clears the goods for import and is responsible for all costs and risks from this point.

Dangerous goods note: document required when shipping hazardous or potentially hazardous goods.

DDP: delivered duty paid (named place of destination). This is an Incoterm. Find more information about Incoterms at the Incoterms 2000 website. The seller clears the goods for export and pays for delivery to the named destination. The seller meets all the costs and risk of clearing the goods for import, though the buyer may agree to bear some of the costs. The goods are delivered when they arrive, cleared for import but not unloaded, at the named destination.

DDU: delivered duty unpaid (named place of destination). This is an Incoterm. Find more information about Incoterms at the Incoterms2000 website. The seller clears the goods for export and pays for delivery. The goods are delivered when they arrive at the named destination place, not cleared for import or unloaded. The buyer is responsible for clearing the goods for import and the associated costs and risk, though the seller can agree to bear some of these costs.

DEQ: delivered ex quay (named port of destination). This is an Incoterm. Find more information about Incoterms at the Incoterms 2000 website. The seller clears the goods for export and pays for delivery. The goods are delivered when they’re placed on the quay at the named port of destination. The buyer is responsible for clearing the goods for import and associated costs, unless agreed otherwise.

DES: delivered ex ship (named port of destination). This is an Incoterm. Find more information about Incoterms at the Incoterms 2000 website. The seller clears the goods for export and pays for delivery. Delivery occurs when the goods are placed at the disposal of the buyer on board the ship at the named port of destination. From this point the buyer bears the costs and risks of clearing the goods for import and unloading.

Distributor: overseas agent which sells for a supplier directly and maintains an inventory of the supplier’s products. (See Commercial agent or sales agent).
**Documentary collection:** where you draw up a bill of exchange (see Bill of Exchange), which allows you to keep control of your goods and raise additional finance.

An overseas bank, acting on your bank’s behalf, will only release the documents necessary for your customer to take possession of goods once it formally accepts the terms of the bill. Documentary collections are typically used for exports outside the EU to customers you have an established relationship with.

**Documentary credits:** letters of credit are the most secure method of payment (other than payment in advance). Your customer arranges a letter of credit with its bank which pays a corresponding bank domestically – the advising bank – once you submit all the necessary documentation.

An accurate and authentic “irrevocable” letter of credit, verified by your bank, carries little credit risk. Documentary credits are typically used for exports to customers you have not sold to before, and for customers and countries that present particular credit risks.

**Duty:** you may be required to pay import duty if you are bringing goods into the country. There is no duty on goods that re in free circulation (See Free circulation with the EUL).

For goods that are imported from outside the EU, the rate of duty depends on the product and the country of origin. Duty is based on the cost, insurance and freight value (ad valorem duties) of the goods. Rates of duty can vary suddenly and without warning and can have a significant effect on the value of the goods.

**EFTA:** European Free Trade Association, Members are Iceland, Norway, Liechtenstein and Switzerland.

**Eurodollars:** US dollars deposited in Europe.

**Export Cargo Shipping Instruction (ECSI):** the UK Government’s official export credit agency. It helps UK manufacturers and investors trade overseas by providing them with insurance and backing for finance to protect against non-payment. Find information on the ECGD at the Export Credits Guarantee Department website.

**Export invoice:** part of the documentation needed if you ship your goods abroad. It should contain a full description of your goods, their price, weight and country of origin.

**Export house:** intermediary organisation between an exporter and a buyer.

**Export licence:** government document legally required for the export of certain goods such as pharmaceuticals, chemicals and munitions. It’s the exporter’s responsibility to obtain a licence if necessary.

**Export packing list:** this is attached to the outside of the package to be shipped and specifies the weight, volume and type of cargo.
Export preferences: preferential rates of duty charged on certain goods exported from the UK, in effect allowing the buyer to benefit from a lower or zero rate of Customs duty.

To be eligible, your goods must satisfy a number of rules. Find out more about export preferences on the Customs and Excise website.

EXW: ex work. This is an Incoterm. Find more information about Incoterms at the Incoterms2000 website. The seller makes the goods available to the buyer at their own premises or another named place. The buyer assumes all the costs and risks of loading and transporting the goods.

FAS: free alongside ship. This is an Incoterm. Find more information about Incoterms at the Incoterms 2000 website. The seller clears the goods for export. Delivery takes place when the goods are placed alongside the relevant ship at a named port. From this point the buyer bears all costs and risks.

FCA: free carrier. This is an Incoterm. Find more information about Incoterms at the Incoterms 2000 website. The seller is responsible for clearing the goods for export and delivering them to a specified place. This could be the seller's premises or those of a carrier or freight forwarder. The place of delivery determines who is responsible for loading or unloading the goods. Once the goods are delivered the buyer bears all costs and risks.

FOB: free on board. This is an Incoterm. Find more information about Incoterms at the Incoterms 2000 website. The seller clears the goods for export and delivers when the goods are passed over the ship’s rail at the specified port. From this point on the buyer bears all costs and risks.

Foreign and Commonwealth Office (FCO): government department responsible for foreign affairs. With the Department of Trade and Industry, the FCO manages British Trade International to support international trade by UK exporters and boost inward investment by overseas firms in Britain.

Foreign-currency accounts: it may be more convenient for you to set up foreign-currency which is volatile or very weak. Some currencies present extra difficulties – for example, there may be exchange controls requiring government approval before you can exchange a particular currency.

Forwarding agent: most smaller importers use a forwarding agent to handle customs clearance for goods coming into the UK from outside the EU.

Forward foreign exchange contract: exporters can hedge against the risk of adverse exchange rate movements by using a forward foreign exchange contract. You agree to sell the bank a particular foreign currency at a fixed future date for a price that is set now.

Free circulation: goods are in free circulation in the EU if they originate from an EU country or have already been imported, all customs charges paid, into an EU country.

Free trade zone: port designated by a country’s government for duty-free entry of non-prohibited goods.
**Freight forwarder:** if you want to send goods overseas you'll normally need the services of a freight forwarder. The forwarder quotes for freight costs and other charges, prepares most of the freighting and customs documents, arranges marine insurance and attends to other freighting details.

**Groupage:** this allows exporters of small consignments to gain the benefits of containerisation. A freight forwarder undertakes to group together different exporters’ consignments to fill a whole container for a particular destination.

**Import license:** some countries may require import licences for certain or all goods. As an exporter it’s normally your customer’s responsibility to comply with import procedures, but it’s a good idea to check they’re doing so.

**Import paperwork:** Goods imported from outside the EU require a range of import documentation and may also need an import licence. Goods in free circulation within the EU generally require minimal documentation. But if your imports exceed £221,000 you must provide Intrastat (see Intrastat) declarations to Customs for statistical purposes. And, some goods need special documentation.

See handling **Logistics and paperwork.**

**Incoterms (International Commercial Terms):** agreed rules which set out the delivery terms for goods which are traded internationally.

They allow the buyer and seller to agree responsibilities for the carriage of the goods, customs clearance and a division of costs and risks. The current version of Incoterms, agreed in 2000, contains 13 terms. They are grouped into categories covering various modes of transport. Find more information about Incoterms at the Incoterms 2000 website.

**Inspection certificate:** sometimes required by the importer’s country to confirm that the shipped goods meet its national specifications.

**Insurance policy:** should cover goods for at least their full value (110 per cent is common), and include details of quantity and route. Where necessary, it should also provide for time extensions and transhipments.

**Intrastat:** system for collecting statistics on the physical trade in goods (i.e. the actual movement of goods) between the member states of the European Union threshold must complete Intrastat supplementary declarations.

Find more information in the guide to Intrastat on the UK Trade Info Website.

**Inward processing relief (IPR):** if you intend to re-export goods you’ve imported after processing them, you can apply for inward processing relief. This means VAT and duty only become payable if you decide to sell your goods in the UK or if you fail to meet the conditions of the scheme.

**Letter of credit:** banking mechanism that allows importers to offer secure terms to exporters. (See Documentary credits).

**Marking:** letters, numbers and other symbols placed on cargo to enable it to be identified more easily.
**Marine insurance:** warehouse-to-warehouse insurance that covers exporters transporting goods overseas for losses they can’t legally recover from the carrier. Despite its name, it covers all transport modes. (See also Credit-risk insurance)

**Movement certificate:** required where goods are being exported from the EU to a country covered by EU trade agreements. These certificates ensure preferential rates of duty on an exporter’s goods.

**MTS (Multilateral Trading System):** the processes through which large numbers of countries agree to trade with each other. The World Trade Organisation is part of this system.

**NCTE:** Customs and Excise’s new computerised transit system, introduced in 2003.

**NES:** Customs and Excise’s new export system, introduced in 2002.

**Open account:** a trade arrangement under which goods are shipped by an exporter without guarantee of payment. This is similar to offering credit to a customer, with the exporter bearing all the risks of offering credit. Open account payment should only be used if you have an established relationship with the buyer and I typically for exports within the EU.

**Open General Import Licence:** available from the Department of Trade and Industry, this allows the import of most goods from outside the EU without licensing formalities. But some goods require a special licence and are listed in a schedule to OGIL.

**Open insurance policy:** marine insurance policy that applies to all shipments made by an exporter over a period of time rather than a single shipment. (See Marine insurance.)

**Payment in advance:** an exporter may be able to negotiate these terms for all or part of its shipment. The exporter bears no risks or financing cost. Payment or part-payment in advance is typically used for low-value sales to individuals or new customers.

**Pre-shipment inspection (PSI):** a few countries require goods and documents to be examined before export by an independent agency. In some countries it’s optional but can be requested by the customer. Usually, countries where PSI applies have appointed one dedicated agency to perform the pre-shipment inspection. Normally, your freight forwarder or customer will be able to advise on the necessary arrangements.

**Pro forma invoice:** invoice provided by an exporter to an import customer before shipping. Typically used when the importer has to organise foreign exchange or get an import licence.

**Quota:** quantity of a particular type of goods that a country allows to be imported before levying duty or restrictions.

**Quotation:** offer to sell goods at a stated price and under specified conditions.
Reduced rate of duty: some goods can be imported at a nil or reduced rate of customs duty because they originated in a preference country or are from a non-EU country and qualify for a temporary suspension of customs duty.

Get more information on which countries get preference and temporary suspension of customs duty on the Customs and Excise website. (See also Tariff quotas.)

Re-exports: goods temporarily imported into a country and then exported again. Because they are only imported temporarily, the importer or agent is usually permitted to reclaim some or all of the import duty and VAT paid on the goods.

Usually the importer must comply with special customs control procedures, such as specific warehousing regulations. (See also Inward processing relief.)

Single Administrative Document (SAD): also known as the C88, this document must be completed for all exports, imports and goods crossing the EU. Find more information about the SAD at the Customs and Excise website.

SITPRO (formerly The Simpler Trade Procedures Board): public body which aims to help businesses trade more effectively across national borders and cut the red tape associated with international trade. Find information about SITPRO at the SITPRO website.

Standard industrial classification (SIC): standard numerical code used by the UK Government to classify products and services.

Standard international trade classification (SITC): standard numerical code system developed by the United Nations to classify commodities used in international trade.

Standard shipping note: document completed by the exporter which tells destination ports and container depots how the goods should be handled. A dangerous goods note must also be sent with hazardous goods.

Tariff: customs duties on imports of goods. They give price advantages or parity to similar locally produced goods and raise revenues for the government that levies them.

Tariff quotas: European Union (EU) system to allow the importation of limited amounts of certain goods (sometimes from specified countries) at a rate of duty lower than would otherwise apply.

Terms of delivery: cover the division of responsibility for the costs of an export or import sale and for the risk of loss or damage in transit.

TIR: transports internationaux routiers. International system that allows goods to be packed in a container under customs inspection at point of origin. The container can then pass across all national frontiers without being opened by customs officers.

VAT: value added tax – in general terms VAT is payable on all imports at the same rate that would apply to the product or service if supplied in the UK. Many exports are zero-rated for VAT.

There are complex rules surrounding VAT on imports and exports, and businesses should seek advice from the Customs and Excise National Advice Service Enquiry Line on Tel 0845 010 9000. Find more information on VAT rules on imports and exports at the Customs and Excise website.

World Trade Organisation (WTO): intergovernmental organisation set up in 1995 to negotiate and administer trade agreements, handle trade disputes and monitor national trade policies.