

The Language of Logistics

Whether you're new to the field, or a seasoned veteran, you'll find this A-Z glossary of transportation and logistics terms a handy reference.

ABANDONMENT 1) Proceeding where a carrier seeks authorization to stop service over all or part of its route/line, or to give up ownership/control of cargo or vessel. Must be approved by the ICC in the case of motor or rail proceedings. 2) Shipper or consignee relinquishes damaged freight carrier or refuses to accept delivery. 3) In marine insurance, giving up title to partly destroyed property to the insurers. 4) The act of relinquishing title to damaged or lost property to claim a total loss.

ABSOLUTE LIABILITY Condition in which carrier is responsible for all liability and isn't protected by normal exemptions found in bill of lading or common law liability.

ACCEPTANCE 1) Acknowledged receipt by consignee of a shipment, terminating the common carrier contract. 2) A promise to pay, usually evidenced by inscribing across the face of the bill "accepted", followed by the date, place payable, and acceptor's signature.

ACCESSORIAL CHARGES Charges for supplementary services and privileges provided in connection with line-haul transportation of goods. These charges are not included in the freight charge and usually take the form of a flat fee. Some examples: pickup/delivery, in-transit privileges, demurrage, switching, loading/unloading.

AD VALOREM Latin phrase meaning "according to value." Freight rates set at a certain fixed percentage of the value of articles are known as ad valorem rates.

ADVANCED CHARGE Freight or charge on a shipment that is advanced by one transportation company to another, or to the shipper, to be collected from the consignee.

ADVICE OF SHIPMENT Notice to local or foreign buyer that shipment has occurred, with packing and routing details. A copy of invoice usually is enclosed, and sometimes a copy of the bill of lading.

AFLOAT Commodities underway in water transit, either actually aboard vessels at sea or in port, but yet unloaded.

ALL-COMMODITY RATE Usually a carload/truckload rate that applies to multiple shipments that move at one time in one vehicle from the consignor to one consignee. An all-commodity rate is established based on actual transportation cost rather than "value of service."

ALLOWANCE Deduction from the weight or value of goods. Allowed if a carrier fails to provide necessary equipment and that equipment is furnished by the shipper.

ALONGSIDE Point of delivery beside a vessel; statement designating where the title to goods passes from one party to another.

ALTERNATE ROUTING Routing that is less desirable than the normal, but results in identical terms.

ARBITRARY 1) Charge in addition to regular freight charge to compensate for unusual local conditions. 2) Fixed amount accepted by a carrier when dividing joint rates.

AUTHORITY Operating rights granted a motor carrier by the Interstate Commerce Commission.

AUTHORIZED CARRIER Person/company authorized by the ICC to transport goods as a common or contract carrier.

BACKHAUL 1) Return transportation movement, usually at less revenue than the original move. 2) Movement in the direction of lighter traffic flow when traffic generally is heavier in the opposite direction. 3) To move a shipment back over part of a route already traveled.

BASING POINT Geographic point to which transportation rates are set so that rates to adjacent points can be constructed by adding to/deducting from the basing point rate.

BILL OF LADING Principal transportation document by which a carrier acknowledges receipt of freight, describes the freight, and sets forth a contract of carriage. Terms and conditions, responsibilities, and liabilities vary with manner and place of use. Bills of lading may be negotiable or non-negotiable.

BONDED WAREHOUSE Warehouse approved by the Treasury Department and under bond/guarantee for observance of revenue laws. Used for storing goods until duty is paid or goods are released in some other proper manner.

BOX 1) Slang term for a trailer or container for ocean carriers. 2) Slang term for a truck transmission.

BRANCH LINE Railroad line providing train service to one or more stations beyond a junction with the main line or another branch line.

BREAKBULK 1) To unload, sort, and reload some/all contents of a vehicle in transit. 2) To reduce a large shipment of a single commodity to many small shipments, which then are dispersed to various buyers.

BROKER 1) Agent who arranges interstate movement of goods by other carriers. 2) Arranger of exempt loads for owner-operators and/or carriers. 3) One who arranges the buying/selling of goods for a commission. 4) Person who leases owned equipment to a carrier.

BULK CARRIER Vessel that carries bulk commodities such as petroleum, grain, or ore, which are not packaged, bundled, bottled, or otherwise packed.

BULKHEAD 1) Upright wall in a trailer or railcar that separates and stabilizes a load. 2) Cargo-restraining partition in a vehicle or vessel.

BUYER'S RIGHT TO ROUTE When a seller does not pay freight charges, the purchaser has a right to designate the route for shipment. Seller is responsible for following the buyer's instructions. Complete routing is permitted for rail shipments, but only for the first carrier in motor shipments.

C&F (COST AND FREIGHT) Ocean transportation term meaning price stated includes cost of goods and transportation charges to point of destination. Insurance normally is not included.

CBD (TERMS OF SALE) Cash before delivery. Seller assumes no risk and extends no credit because payment is received before shipment.

COD (TERMS OF SALE) Cash on delivery. Buyer pays carrier the price of goods before they are delivered; seller assumes risk of purchaser refusing to accept goods.

CARLOAD (C/L or CL) 1) Quantity of freight required to fill a railcar. 2) Specified quantity necessary to qualify a shipment for a carload rate.

CARRIER Individual, partnership or company in the business of transporting goods or passengers, in most cases for a fee.

CARTAGE 1) Charge for pickup/delivery of goods. 2) Act of moving goods, usually short distances.

CASE MARK Information shown on the outside of a shipping carton, including destination and contents.

CERTIFICATE OF MANUFACTURE Document used with letters of credit when drafts are paid/negotiated on presentation of a certificate stating that goods have been completed and are being held for shipment.

CLAIM 1) Demand on transportation company for payment due to loss/damage of freight during transit. 2) Demand on transportation company for refund on overcharge. 3) Demand by individual/company to recover for loss under insurance policy.

CLASS RATE Rate for commodities grouped according to similar shipping characteristics. Applies to numbered/lettered groups/classes of articles contained in the territorial rating column in classification schedules.

CLEARANCE Customs certificate that ship is free to leave, all legal requirements having been met.

CO-LOAD Two shipments from different terminals combined to ship as one load.

COLLECT SHIPMENT Shipment where collection of freight charges/advances is made by delivering carrier from the consignee/receiver.

COMMERCIAL INVOICE Itemized list issued by seller/exporter in foreign trade showing quantity, quality, description of goods, price, terms of sale, marks/numbers, weight, full name/address of purchaser, and date.

COMMON CARRIER Any carrier engaged in the interstate transportation of persons/property on a regular schedule at published rates, and whose services are available to the general public on a for-hire basis. Regulated by the ICC.

CONCEALED DAMAGE When goods in an apparently undamaged container are damaged. Claims are hard to settle because neither shipper nor carrier wants responsibility.

CONCURRENCE Document signed by carrier and filed with the ICC. Verifies carrier participates in rates published in a tariff by a given agent.

CONFERENCE 1) Independent/autonomous organization within the American Trucking Associations that represents a certain class/type of motor carrier. 2) Association of shippers servicing the same trade route who operate under collective conditions of carriage and tariff rates.

CONSIGN Send goods to purchaser or agent to sell.

CONSIGNEE Person who receives goods shipped from owner.

CONSIGNOR Person or company that ships articles to customers.

CONSOLIDATION Combining less-than-carload or less-than-truckload shipments to make carload/truckload movements.

CONTAINERIZATION 1) Using box-like device to store, protect, and handle a number of packages as a unit of transit. 2) Shipping system based on large cargo-carrying containers that can be interchanged between trucks, trains, and ships without rehandling contents.

CONTRACT CARRIER Carrier engaged in interstate transportation of persons/property by motor vehicle on a for-hire basis, but under continuing contract with one or a limited number of customers to meet specific needs of each customer. Must receive authorization permit from ICC.

COST, INSURANCE, AND FREIGHT (CIF) Basis for quotation by seller that indicates seller will pay insurance and freight charges to destination only.

CUBE RATE Rate based on trailer space, instead of weight. Used for light bulky loads.

CUSTOMS BROKER Specialist in customs procedures who acts for importers for a fee. Licensed by Treasury Department.

CUSTOMS TARIFF Schedule of charges assessed by the government on imports/exports.

DAMAGE CLAIM Demand upon carrier for reimbursement for physical injury to shipment, or because shipment was not delivered within reasonable time.

DEAD WEIGHT TONNAGE (DWT) Estimated number of tons of cargo a vessel can carry when loaded to maximum depth.

DECLARED VALUE 1) Assumed value of shipment unless shipper declares higher value. 2) Stating lower value on a shipment to get a lower rate.

DEFERRED REBATE Carrier returns a portion of freight charges to shipper. In exchange, shipper gives all/most shipments to carrier over specified period, usually six months. Rebate payment is deferred for similar period.

DEMURRAGE Penalty for exceeding free time, usually 48 hours, allowed for loading/unloading under terms of railroad/ocean traffic. Detention means the same thing for motor carriers.

DIFFERENTIAL Amount added to/deducted from base rate to make rate to/from some other point or via another route.

DISCRIMINATION Difference in rates not justified by costs.

DIVERSION Change made in consignee, destination, or shipment route while

in transit.

DRAWBACK Refund of customs duties paid on material imported and later exported.

DRAYAGE Transporting freight by truck, primarily in local cartage.

EX Prefix meaning "out of" or "from", used with noun of location. Means all transportation charges and risks of loss/damage are chargeable to buyer when goods are delivered to carrier at "ex" location.

EXEMPT CARRIER For-hire motor carrier exempt from ICC economic regulation.

EXPEDITING Moving shipments through regular channels at an accelerated rate.

EXPORT LETTER OF CREDIT When importer has arranged with bank for letter-of-credit financing of purchases, he applies for issuance of individual letters of credit to cover purchase contracts as made.

FIFO (FIRST IN, FIRST OUT) Warehouse term meaning first items stored are the first used.

FEDERAL REGISTER Government publication that prints rules/regulation of federal agencies daily.

FEEDER In intermodal moves, a pickup/delivery vehicle or ship.

FOB DESTINATION Freight cost paid to destination point, title transfers a destination.

FOB FACTORY Title to goods and transportation responsibility transfers from seller to factory.

FOB VESSEL Title/transportation costs transfer after goods are delivered on vessel. All export taxes/costs involved in overseas shipments are assessed to buyer.

FORCE MAJEURE Condition in contract that relieves either party from obligation where major unforeseen events prevent compliance with provisions of agreement.

FOREIGN TRADE ZONES Goods subject to duty may be brought into such zones duty-free for transshipment/storage/minor manipulation/sorting. Duty must be paid when/if goods are brought from zone into any part of U.S.

FORWARDING AGENT Firm specializing in shipping goods abroad. Payments made for insurance and other expenses are charged to foreign buyer.

FREE ALONGSIDE (FAS) Selling term in international trade. Selling party quotes price including delivery of goods alongside overseas vessel at export port.

FREE ON BOARD (FOB) Loaded aboard carrier's vehicle at point where responsibility for risk/expense passes from seller to buyer.

FREIGHT FORWARDER 1) Individual/company that accepts LT shipments and consolidates them into truckload lots on for-hire basis. 2) Agent who helps expedite shipments by preparing necessary documents/making other arrangements for moving freight.

GATEWAY Point at which freight is interchanged/interlined between carrier or at which carrier joins two operating authorities provision of through service.

IN BOND Storage of goods in custody of government/bonded warehouse carrier from whom goods can be taken only upon payment of taxes/duties appropriate government agency.

INTERCHANGE Passing freight from one carrier to another between lines.

INTERLINE FREIGHT Freight moving from origin to destination over two or more transportation lines.

INTERMODAL TRANSPORTATION Using more than one mode to deliver shipments.

INTERSTATE COMMERCE Exchanging goods between buyers and sellers in two or more states.

INTERSTATE COMMERCE COMMISSION Federal body charged with enforcing acts of Congress affecting common carriers in interstate commerce. Directly responsible to Congress.

INTRASTATE COMMERCE When all business between buyers/sellers is carried on within state.

JOINT RATE Agreed upon by two or more carriers, published in a single tariff, and applying between point on line of one and point on line of another. May include one or more intermediate carriers in route.

JUST-IN-TIME Umbrella term including elements of both Kanban and MRP II systems. Used in contrast to older just-in-case practices of large inventories/stockpiles.

KANBAN Japanese word for "visible record." Manufacturing control system in which suppliers deliver needed parts to assembly line "just in time" for use.

LCL Less-than-carload. Loads weighing less than amount necessary to apply carload rate charged by railroads.

LTL Less-than-truckload. Less than quantity of freight required to apply truckload rate charged by motor carriers.

LANDBRIDGE Intermodal system of getting international cargo across intervening continent from one seacoast to another by special through trains.

LANDED COST Total expense of receiving goods at place of retail sale, including retail purchase price and transportation charges.

LAST IN, FIRST OUT (LIFO) Accounting method of valuing inventory that assumes latest goods purchased are first goods used during accounting period.

LAY TIME Time in which ship is loaded/unloaded and for which no demurrage is charged.

LESSEE Party or company with legal possession/control of vehicle (with/without driver), or other equipment owned by another under terms of lease agreement.

LESSOR Party or company granting legal use of vehicle (with/without driver), or other equipment to another party under terms of lease agreement.

LETTER OF CREDIT (L/C) Method of paying for goods, where buyer establishes credit with local bank, clearly describing goods to be purchased. Upon receipt of documentation, bank either is paid by buyer or takes title to goods and transfers funds to seller.

LINEHAUL Movement of freight between cities, usually more than 1,000 miles, not including pickup and delivery service.

LLOYD'S REGISTER Yearly document issued by Lloyd's. Contains tonnage, age, build, and condition of registered ships.

LONG TON Equivalent to 2,240 pounds or 20 long hundredweights. Also called gross ton.

LONGSHOREMAN Person employed on wharves of port to load/unload vessels.

LOSS AND DAMAGE (L&D) CLAIM Usually applied when loss/damage is discovered when package is delivered.

MRP II Manufacturing Resource Planning. System of manufacturing controls using computers. Affects purchasing, materials management, inventory control, and production management.

MICROBRIDGE Provides for intermodal transport of freight from inland city to seaport, with through movement/transfer of container freight onto overseas ship.

MOTOR CARRIER ACT OF 1935 Act of Congress bringing motor common and contract carriers under ICC jurisdiction.

MOTOR CARRIER ACT OF 1980 Act of Congress that deregulated for-hire trucking.

MULTIMODAL Using more than one transportation mode to move load of goods.

NET WEIGHT 1) Weight of article without packing and container. 2) Weight of entire contents of vehicle.

NON-VESSEL-OPERATING COMMON CARRIER (NVOCC) Cargo consolidator of small shipments in ocean trade, generally soliciting business and arranging for performing containerization functions at the port.

NOTICE OF ARRIVAL On arrival of freight at destination, notice is sent

promptly to the consignee showing number of packages, description of articles, route, rate, weight, etc.

OS&D (OVER, SHORT AND DAMAGED) Report issued at warehouse when goods are damaged. Used to file claim with carrier.

OFF-ROUTE POINTS Points located off regular route highways of line-haul carriers, generally served only on irregular schedules.

OPERATING AUTHORITY Routes, points, and types of traffic that may be served by carrier. Authority is granted by state or federal regulatory agencies.

OPERATING RATIO Comparison of carrier's operating expenses with gross receipts; income divided by expenses.

OVERAGE Freight in excess over quantity believed to have been shipped, or more than quantity shown on shipping document.

OWNER-OPERATORS Drivers who own or operate their own trucks. May lease rig/driver to another carrier.

OWNER'S RISK When owner of goods remains responsible during shipping, relieving carrier of part of risk.

PACKING LIST List showing merchandise packed and all particulars. Normally prepared by shipper but not required by carriers. Copy is sent to consignee to help verify shipment received.

PALLETIZATION System for shipping goods on lightweight, double-decked wooden platforms called pallets. Permits shipment of multiple units as one large unit.

PAYLOAD Profitable cargo.

PER DIEM Latin term "by the day." Daily charge for use of railcars.

PERISHABLE FREIGHT Commodities subject to rapid deterioration or decay, which require special protective services such as refrigeration or heating.

PERMIT Authority granted to contract carriers and forwarders by the ICC to operate in interstate commerce.

PIGGYBACK Intermodal transportation system where trailers/containers are carried on railcars.

POINT OF ORIGIN Station at which shipment is received from shipper by transportation line.

POOLING AGREEMENT Dividing of revenue/business among two or more carriers in accordance with previous contracts/agreements.

PRO NUMBER Any progressive or serial number applied for identification to freight bills, bills of lading, etc.

PROOF OF DELIVERY Copy of waybill signed by consignee at time of delivery as receipt.

PROPORTIONAL RATE Lower than normal rate on segment of through movement to encourage traffic or capture competitive traffic. May be percentage of standard rate or flat rate that is lower between given points.

PUBLIC WAREHOUSE Storage place renting space to anyone desiring it.

PURCHASE ORDER Form buyer uses when placing order for merchandise.

QUAY Man-made docking area for loading/unloading vessels. Docking is parallel, allowing loading/unloading from one side of ship.

QUOTAS Many governments have established quotas of limiting imports by class of goods or country of origin. Sometimes importing countries require issuance of licenses before U.S. companies may ship to them.

RATE Established shipping charge for movement of goods. In interstate transportation, price/rate is approved by ICC. Intrastate prices are approved by public-service commission or similar body.

RATE BASIS Formula of specific factors/elements that control making of rate.

RATE WAR When carriers cut rates in an effort to secure tonnage. Can occur in all commodities.

REBATE Unlawful practice in which carrier returns part of transportation

charges to shipper. Done to encourage shipper to use same carrier again.

RECIPROACITY 1) An exchange of rights. In motor transportation, may involve granting equal rights to vehicles of several states in which reciprocity agreements are in effect. 2) To give preference in buying to vendors who are customers of buying company.

REEFER Slang term for refrigerated trailer that hauls perishables.

RESTRICTED ARTICLES Commodities that can be handled only under certain specific conditions.

ROLL-ON/ROLL-OFF (RO/RO) Feature in specially constructed vessel permitting road vehicles to drive on or off vessel in loading/discharging ports.

ROLLINGSTOCK Freight/passenger cars owned by rail carrier, not including motive power equipment. Also, buses, trucks and trailers owned by motor carrier.

ROUTE 1) Course/direction that shipment moves. 2) To designate course/direction shipment shall move. 3) Carrier(s) with junction points over which shipment moves.

ROUTING 1) Process of determining how shipment will move between origin and destination. Routing information includes designation of carrier(s) involved, actual route of carrier, and estimated time enroute. 2) Right of shipper to determine carriers, routes and points for transfer on TL and CL shipments.

SL & C Shipper's load and count.

SALVAGE LOSS In marine insurance, loss sustained by necessary sale of goods at port prior to expected destination because of "perils of the sea." Treated as total loss with amount realized from sale of goods credited on amount payable under policy.

SEAL Device applied to freight car/motor vehicle door fastening. Shows that door fastening where it's applied has not been tampered with between time of application and time of breaking seal.

SEMI Slang term for semitrailer. Also used loosely in referring to tractor-trailer combination.

SHIPMENT 1) Lot of freight tendered to carrier by one consignee at one place at one time for delivery to one consignee at one place on one bill of lading. 2) Goods/merchandise in one or more containers, pieces, or parcels for transportation from one shipper to single destination.

SHIPPER'S CERTIFICATE Form filled out and presented by shipper to outbound carrier at transit point, together with instructions and inbound carrier's freight bill, asking for reshipping privilege and transit rate on commodity previously brought into transit point.

SHIPPER'S EXPORT DECLARATION (SED) Form required by Treasury Department and completed by shipper showing value, weight, consignee, destination, etc., of export shipments, as well as Schedule B identification.

SHORT SHIPMENT Piece of freight missing from shipment as stipulated by documents on hand.

STANDARD INTERNATIONAL TRADE CLASSIFICATION (SITC) Numerical code developed by United Nations and adopted by United States airlines as basis for numerical identification of commodities moving in air freight.

STATUTORY NOTICE Length of time required by law for carriers to give notice of changes in tariffs, rates, rules and regulations—usually 30 days unless otherwise permitted by authority from ICC or other regulatory body.

STEVEDORE Person in charge of loading/unloading ships.

STRAIGHT BILL OF LADING Non-negotiable document provides that shipment is to be delivered direct to party whose name is shown as consignee. Carrier does not require its surrender upon delivery except when needed to identify consignee.

STRIPPING Emptying truck of cargo, and arranging shipments by destination.

STUFFING Slang term for loading cargo container.

TOFC Trailer-on-flatcar, also called piggyback. Shipments moving TOFC receive special rates from tariffs provided for that class of traffic.

TANKTAINER Tank built into standard container frame and used to transport liquids.

TARE Amount of gross weight on freight shipment that can be deducted for packaging weight. Usual allowance is four pounds per 104 pounds.

TARE WEIGHT 1) Weight of container and material used for packing. 2) In transportation terms, weight of car/truck; exclusive of contents.

TARIFF Printed price list issued by carrier showing transportation charges.

TENDER Offer of goods for transportation by shipper, or offer of delivery by carrier.

THROUGHBILL OF LADING Covers goods moving from point of origin to final destination, even though transfers are made to different carriers in transit.

TITLE Document that confers on holder right of ownership/possession/transfer of merchandise specified, e.g. bills of lading and warehouse receipts.

TONNAGE 1) Carrying capacity of ship/vessel. 2) Tax/duty paid on such capacity. 3) Weight ship will carry, expressed in tons.

TRAFFIC 1) Department/division responsible for obtaining most economic commodity classification and method of transporting materials and products. 2) People and/or property carried by transportation companies.

TRAMP Vessel that does not operate along definite route on fixed schedule, but calls at any port where cargo is available.

TRANSSHIP Commonly used to denote transfer of goods from one means of transportation to another. Rehandling of goods enroute.

TRIP CHARTER Hiring vessel to haul cargo for special voyage.

UCC Uniform commercial code.

U.S. CUSTOMS BONDED WAREHOUSE Until import duty (if required) is paid, federal government retains control of goods. Imports awaiting collection of duty must be stored at importer's expense in custody of warehouse willing/able to furnish bond that commodities will not be released until necessary duties are paid.

ULLAGE Empty space present when container is not full.

VALUATION, ACTUAL Actual value of goods shown on bill of lading by shipper when rate to be applied depends on value.

VESSEL TON 100 cubic feet.

VOYAGE CHARTER Engaging services of cargo ship for specified trip from one port to another at established tonnage rate.

WAREHOUSE Place for receiving/storing goods and merchandise for-hire. Warehouseman is bound to use ordinary diligence in preserving goods.

WASTAGE Loss of goods due to handling, decay, leakage, shrinkage, etc.

WAYBILL Document containing description of goods that are part of common carrier freight shipment. Shows origin, destination, consignee, consignor, and amount charged. Copies travel with goods and are retained by originating/delivering agents. Used by carrier for internal record and control, especially during transit. Not a transportation contract.

WEIGH STATION Permanent station equipped with scales at which motor vehicles transporting property on public highways are required to stop for checking of gross vehicle and/or axle weights. Many states also use portable scales to comply with their weight limits. Often combined with port of entry facilities.

WEIGHT In shipping, weight is qualified further as gross (weight of goods and container), net (weight of goods themselves without any container), and legal (similar to net, determined in such manner as law of particular country/jurisdiction may direct).

WHARF Loading/discharging terminal built parallel to stream/shore line.

WHARFAGE Charge for handling traffic or docking vessels at wharf.

YARD (FREIGHT) Unit of track systems within certain area used for storing cars, loading/unloading freight, and making up trains over which movements not authorized by timetable or train order may be made. Subject to prescribed signals/regulations.