Export and Import Glossary

121 plain-English trade terms for exporters. Free from Exporters Club: https://www.exporters-club.com/glossary

Advance payment
Advance payment is a payment method where the buyer pays the exporter before the goods are shipped, in full or in part. It is the safest method for the exporter, but buyers may resist paying for goods they have not received.

Air waybill (AWB)
An air waybill (AWB) is the transport document for goods moved by air. It is a receipt for the cargo and evidence of the contract of carriage, and it is not a document of title or negotiable.

Anti-dumping duty
An anti-dumping duty is an extra import duty that a country imposes on goods sold at less than their normal value when those imports harm its domestic industry. It follows investigations under WTO rules and applies to named products from named countries or companies.

B2B sales (Business-to-business sales)
B2B sales means selling products or services to other businesses rather than to individual consumers. Almost all export sales to importers, distributors and wholesalers are B2B.

Back-to-back letter of credit
A back-to-back letter of credit is a second credit opened by an intermediary in favour of its supplier, based on the master credit the intermediary received from its own buyer. Traders use it to pay suppliers when they have a credit but little cash.

Bank guarantee
A bank guarantee is a bank's undertaking to pay a beneficiary if the applicant fails to meet an obligation. A demand guarantee pays on a written demand and is commonly governed by the ICC's URDG 758.

Bill of exchange
A bill of exchange, also called a draft, is a written order from the exporter telling the importer (or a bank) to pay a fixed amount on demand or on a set date. It is used in documentary collections and letters of credit.

Bill of lading (B/L)
A bill of lading is a document issued by a carrier to a shipper that acts as a receipt for the goods, as evidence of the contract of carriage and, for negotiable bills, as a document of title that controls delivery of the goods.

Bonded warehouse
A bonded warehouse is a customs-supervised storage facility where imported goods can be held without paying import duty and taxes until they are released for local use or re-exported.

Cargo consolidation
Cargo consolidation combines several small shipments from different exporters into one container, which is shipped as LCL and separated again at the destination. It lets small exporters ship without paying for a full container.

CBM (Cubic metre)
CBM means cubic metre, the unit of cargo volume used to price sea freight and plan containers. For cartons, multiply length x width x height in metres, then multiply by the number of cartons.

Certificate of analysis (Certificate of Analysis (COA))
A certificate of analysis (COA) is a document that reports the test results of a specific batch of a product against its specification. Exporters of food, chemicals, cosmetics and similar goods are often asked for one by importers and authorities.

Certificate of conformity (CoC)
A certificate of conformity states that a product meets the applicable standards or technical regulations. It is issued by the manufacturer or by a conformity assessment body, and some countries require one before goods can be imported.

Certificate of free sale
A certificate of free sale is a document issued by an authority or chamber of commerce in the exporting country stating that a product is legally sold in the home market. Some importing countries ask for one for food, cosmetics, medical devices and similar goods.

Certificate of origin
A certificate of origin is a document that certifies the country where goods were produced, manufactured or processed. Importers use it to claim preferential tariff treatment under a trade agreement or to meet import requirements.

CFR (Cost and Freight)
CFR (Cost and Freight) is an Incoterms rule for sea and inland waterway transport under which the seller pays the freight to the named destination port, but risk passes to the buyer once the goods are loaded on board the vessel at the port of shipment.

Chargeable weight
Chargeable weight is the weight a carrier charges on: the greater of the actual (gross) weight and the volumetric weight of the shipment.

CIF (Cost, Insurance and Freight)
CIF (Cost, Insurance and Freight) is an Incoterms rule for sea and inland waterway transport under which the seller pays for carriage and minimum insurance to the named destination port, but risk passes to the buyer once the goods are loaded on board at the port of shipment.

CIP (Carriage and Insurance Paid To)
CIP (Carriage and Insurance Paid To) is an Incoterms rule for any mode of transport under which the seller pays for carriage and cargo insurance to the named destination, while risk passes to the buyer when the goods are handed to the first carrier.

Cold email
A cold email is an unsolicited message sent to a prospective buyer with whom you have no prior relationship, to start a business conversation. Rules on sending it differ by country.

Commercial invoice
A commercial invoice is the seller's bill for goods sold in an international transaction. Customs authorities use it to determine the value, classification and origin of the goods and to calculate duties and taxes.

Competitive analysis
Competitive analysis is the process of identifying your competitors in a market and comparing their products, prices, channels, strengths and weaknesses against yours to find where you can win.

Consignee
The consignee is the person or company named on the transport document to receive the goods. In an export sale, it is usually the buyer or the buyer's agent.

Correspondent bank
A correspondent bank is a bank that provides services to another bank in a different country, such as receiving and sending payments in a currency the other bank cannot clear itself. In an international payment it is an intermediary between your bank and the buyer's bank.

CPT (Carriage Paid To)
CPT (Carriage Paid To) is an Incoterms rule for any mode of transport under which the seller delivers the goods to the carrier it has chosen and pays for carriage to the named destination, but risk passes to the buyer as soon as the goods are handed to the first carrier.

Customs broker
A customs broker is a licensed or authorized professional or company that prepares and submits customs declarations and handles clearance for importers and exporters. Exporters use one to clear goods for export and buyers use one to clear them for import.

Customs clearance
Customs clearance is the process of declaring goods to customs, paying any duties and taxes, and receiving permission to export them from one country or import them into another. Every shipment is cleared at export and again at import.

Customs data
Customs data is information that customs authorities record about goods that enter or leave a country, such as the product code, value, quantity, countries and, in some cases, the companies involved. Exporters use it to see which markets buy their product and, where shipment records are available, to find importers.

Customs valuation (Customs value)
Customs valuation is the method customs uses to decide the value of imported goods, which is the base for import duty. Under the WTO Customs Valuation Agreement, the main method is the transaction value: the price paid or payable for the goods, with certain adjustments.

Cut-off time
A cut-off time is the deadline set by a carrier or terminal for delivering cargo, or sending documents such as shipping instructions and the verified gross mass, before a vessel sails. Cargo that misses it is usually moved to the next sailing.

DAP (Delivered at Place)
DAP (Delivered at Place) is an Incoterms rule for any mode of transport under which the seller delivers the goods when they are placed at the buyer's disposal on the arriving means of transport, ready for unloading, at the named place of destination.

DDP (Delivered Duty Paid)
DDP (Delivered Duty Paid) is an Incoterms rule under which the seller delivers the goods cleared for import at the named destination, ready for unloading, and bears all costs and risks including import duties and taxes.

Dead freight
Dead freight is the freight a shipper still has to pay for space it booked on a vessel but did not use. Carriers may charge it when cargo is not loaded as booked.

Decision maker
A decision maker is the person with the authority to approve a purchase. In export sales, reaching the right decision maker at an importer, such as the owner or a purchasing manager, decides whether your offer is considered at all.

Deferred payment letter of credit
A deferred payment letter of credit is a credit under which the bank pays at a fixed later date after the exporter presents compliant documents, with no draft required. The exporter waits for payment but has a bank commitment.

Demurrage
Demurrage is a charge that a shipping line or terminal makes when a container stays in the port or terminal beyond the free time allowed. Detention is a separate charge for keeping the container outside the terminal beyond its free time.

Detention
Detention is a charge by a shipping line when a container is kept outside the terminal beyond the free time allowed. Demurrage is the separate charge for a container that stays inside the port or terminal beyond its free time.

Distributor agreement
A distributor agreement is a contract in which a supplier appoints a distributor to buy its products and resell them in a defined territory, setting out terms such as exclusivity, targets, pricing and termination.

Documentary collection
A documentary collection is a payment method where the exporter's bank sends shipping documents to the buyer's bank, which releases them to the buyer against payment or acceptance of a draft. The banks handle documents, but they do not promise to pay.

DPU (Delivered at Place Unloaded)
DPU (Delivered at Place Unloaded) is an Incoterms rule for any mode of transport under which the seller delivers the goods once they are unloaded from the arriving means of transport at the named place of destination. It is the only Incoterms rule that requires the seller to unload.

Dual-use goods
Dual-use goods are items, software and technology that have both civil and military uses. Many countries control their export and require a license for certain items or destinations.

Duty drawback
Duty drawback is a refund of customs duties paid on imported materials when the finished goods made from them are exported. Many countries offer it, with conditions that differ by country.

Embargo
An embargo is a government ban on trade with a country, or on trade in certain goods such as arms. It is one form of trade restriction and often comes with wider sanctions.

EORI number (Economic Operators Registration and Identification number)
An EORI number is a customs identification number used by businesses that deal with customs in the European Union. It is made from a country code and a national number. The United Kingdom has its own GB EORI number.

ETA and ETD (Estimated Time of Arrival and Estimated Time of Departure)
ETD is the estimated time of departure: when a ship, flight or truck is expected to leave. ETA is the estimated time of arrival: when it is expected to reach its destination. Both are estimates and can change.

Export credit insurance
Export credit insurance covers an exporter against the risk that a foreign buyer does not pay, for reasons such as insolvency, default or political events. It is mainly used for open account sales.

Export declaration
An export declaration is the statement an exporter or its broker files with customs in the exporting country to clear goods for export. It states who is exporting, the goods, their HS code, quantity and value, and the destination.

Export license
An export license is official permission from the exporting country to export certain goods or to send goods to certain destinations or users. Most products do not need one, but controlled goods can.

EXW (Ex Works)
EXW (Ex Works) is an Incoterms rule under which the seller delivers by making the goods available at its own premises or another named place, and the buyer bears all costs and risks from that point, including loading and export clearance.

FAS (Free Alongside Ship)
FAS (Free Alongside Ship) is an Incoterms rule for sea and inland waterway transport under which the seller delivers the goods when they are placed alongside the vessel named by the buyer, for example on a quay or a barge, at the named port of shipment.

FCA (Free Carrier)
FCA (Free Carrier) is an Incoterms rule for any mode of transport under which the seller delivers the goods, cleared for export, to the carrier or other party named by the buyer at a named place. Risk passes to the buyer at that point.

FCL (Full Container Load)
FCL (full container load) is a way of shipping where one shipper uses a whole container, regardless of how full it is. It is priced per container, not per cubic metre.

FOB (Free On Board)
FOB (Free On Board) is an Incoterms rule for sea and inland waterway transport under which the seller delivers the goods once they are loaded on board the vessel named by the buyer at the named port of shipment.

Force majeure
Force majeure is a contract clause that excuses a party from performing when an event beyond its control, such as a natural disaster, war or a government ban, prevents it. The clause lists the events, the notice required and what happens next.

Free trade agreement (FTA)
A free trade agreement (FTA) is a treaty between two or more countries that lowers or removes duties on goods traded between them. For exporters, it can lower the buyer's import duty if the goods meet the agreement's rules of origin.

Free trade zone (Free zone)
A free trade zone, or free zone, is a designated area in a country where goods can be imported, stored, processed and re-exported with duties and some customs rules suspended or reduced.

Freight collect
Freight collect means the buyer pays the main freight at the destination, and the bill of lading shows "freight collect". It is the normal way under EXW, FCA, FAS and FOB.

Freight forwarder
A freight forwarder is a company that organizes the shipment of goods on behalf of an exporter or importer, booking space with carriers and handling documents, consolidation and, often, customs clearance.

Freight prepaid
Freight prepaid means the seller pays the main freight charges before the goods ship, and the bill of lading shows "freight prepaid". It is the normal way under terms such as CFR, CIF, CPT and CIP.

Freight prepaid and freight collect
Freight prepaid means the shipper pays the freight at the origin, and freight collect means the consignee pays it at the destination. The transport document shows which applies, and it follows from the Incoterms rule.

Gross margin
Gross margin is the share of the selling price that remains after the direct cost of the goods. Exporters use it to check that an export price still leaves a profit after packing, freight and other costs.

HS code (Harmonized System code)
An HS code is a numeric product classification code from the Harmonized Commodity Description and Coding System, an international nomenclature maintained by the World Customs Organization (WCO) and used by customs authorities worldwide to apply tariffs and compile trade statistics.

IBAN (International Bank Account Number)
An IBAN (International Bank Account Number) is a standard format for a bank account number used in international payments. It has up to 34 characters and starts with a two-letter country code. Not all countries use IBANs.

Ideal customer profile (ICP)
An ideal customer profile (ICP) is a description of the type of company that gains the most value from your product and is most likely to buy and stay. It guides which buyers you target first.

Importer
An importer is a company that buys goods from a foreign seller and brings them into its own country. For an exporter, importers are the main buyers: they handle customs clearance and usually resell to distributors, retailers or end users.

Importer of record (IOR)
The importer of record is the party legally responsible for an imported shipment: declaring the goods to customs, paying duties and taxes and making sure the import complies with the destination country's rules.

Incoterms (International Commercial Terms)
Incoterms are standardized trade terms published by the International Chamber of Commerce (ICC) that define who does what, who pays for what and who bears the risk when goods are delivered from a seller to a buyer.

LCL (Less than Container Load)
LCL (less than container load) is a way of shipping goods that do not fill a container: your cargo shares a container with cargo from other shippers, and the cost is usually based on the greater of volume in cubic metres or weight.

Lead generation
Lead generation is the process of identifying and attracting potential buyers and capturing their interest, so a sales team can start conversations that may lead to orders.

Lead time
Lead time is the time between an order being confirmed and the goods being ready to ship or delivered, as agreed in the contract. Exporters state it in the quotation and say where it starts and where it ends.

Letter of credit (L/C, documentary credit)
A letter of credit is a bank's undertaking, issued at the buyer's request, to pay the seller a stated amount if the seller presents documents that comply with the terms of the credit.

Market entry strategy
A market entry strategy is the plan for how a company will start selling in a new country, including the route to market, partners, pricing and the resources needed.

Market penetration
Market penetration measures how much of a market's potential customers already buy a product. It is also a growth strategy: selling more of your existing products to existing markets.

Market research
Market research is the systematic collection and analysis of information about a market, its customers and its competitors, used to decide where and how to sell. For exporters it answers which countries to enter, who the buyers are and what they will pay.

Market segmentation
Market segmentation is dividing a broad market into smaller groups of buyers who share characteristics, such as country, industry, company size or buying behavior, so you can target each group with a focused offer.

Market share
Market share is the percentage of total sales in a market, over a period, that one company or country captures. It is calculated by dividing your sales by total market sales.

Markup
Markup is the amount added to the cost to reach the selling price, shown as a percentage of the cost. A 25% markup on a cost of 100 gives a price of 125, which is a gross margin of 20%.

Minimum order value (MOV)
Minimum order value is the lowest total order amount an exporter will accept, shown in a currency. It differs from MOQ, which is a minimum quantity of units.

MOQ (Minimum order quantity)
MOQ (minimum order quantity) is the smallest quantity of a product that a supplier is willing to sell in a single order.

Named place
The named place is the port, terminal or address written after an Incoterms rule, such as FOB Shanghai or DAP Hamburg. It marks where the seller delivers the goods and where costs and risk pass.

Non-tariff barrier (Non-tariff measure)
A non-tariff barrier is a rule other than a duty that restricts or delays trade, such as import licenses, quotas, technical standards, labeling and plant or animal health requirements. It can block or slow a sale even when the tariff is low.

Notify party
The notify party is the person or company the carrier contacts when the cargo arrives. It is named on the bill of lading and is often the buyer or the buyer's agent, especially when the consignee is "to order".

NVOCC (Non-Vessel Operating Common Carrier)
An NVOCC is a company that sells ocean freight to shippers and issues its own house bill of lading, but does not own or operate vessels. It buys container space from shipping lines and resells it, often for LCL cargo.

OEM (Original Equipment Manufacturer)
OEM stands for original equipment manufacturer. In export it usually means a factory that makes products to another company's specification, to be sold under the buyer's brand. It can also mean the maker of a part, as in "OEM parts".

Open account
Open account is a payment term where the seller ships the goods and sends the documents directly to the buyer, who pays later on agreed terms, for example after 30, 60 or 90 days. It is the riskiest payment method for the exporter.

Packing list
A packing list is a shipping document that details the contents of each package in a shipment, including quantities, weights and dimensions, so carriers, customs and the buyer can check what was shipped.

Phytosanitary certificate
A phytosanitary certificate is an official document issued by the plant protection organization of the exporting country, stating that plants or plant products meet the importing country's plant health requirements. Importers and authorities often require it for fresh produce, seeds, grain and wood products.

Price quotation
A price quotation is a seller's formal statement of the price and terms on which it offers to supply specified goods, usually sent in reply to a buyer's inquiry or request for quotation.

Private label and OEM (Original Equipment Manufacturer)
Private label and OEM are two ways to manufacture for another company's brand. In private label, a buyer sells products made by a supplier under its own brand. In OEM, the manufacturer produces goods to the buyer's design and specifications.

Product-market fit
Product-market fit means a product satisfies real demand in a specific market. For exporters it means that buyers in a target country want the product, can legally import it and will pay a price that leaves you a margin.

Proforma invoice
A proforma invoice is a preliminary document from a seller to a buyer that states the goods, prices and terms of a proposed sale before the shipment is made. It is not a demand for payment and not an accounting invoice.

Prospecting
Prospecting is the work of finding and researching potential buyers before you contact them. For exporters it means building a list of importers, distributors or retailers in a target market that are a good fit for the product.

Purchase order
A purchase order (PO) is a document a buyer sends to a seller to order goods. It lists the items, quantities, prices and delivery and payment terms, and once the seller accepts it becomes the basis of the sale.

Qualified lead
A qualified lead is a prospective buyer who has been assessed as a good fit and has shown real interest, so the sales team considers them worth pursuing. The exact criteria are set by each business.

Quota
A quota is a limit on the quantity or value of a product that can be imported or exported in a set period. A tariff-rate quota lets a quantity enter at a lower duty and charges a higher duty above it.

Re-export
Re-export is exporting goods that were earlier imported, without substantially transforming them. Trading hubs and distributors do it when they import goods and then sell them on to buyers in other countries.

Request for quotation (RFQ)
A request for quotation (RFQ) is a document or message in which a buyer asks suppliers for a price and terms for specified goods. The supplier replies with a quotation.

Retention of title
Retention of title is a contract term under which the seller stays the owner of the goods until the buyer has paid in full. Whether it is valid and how it works depends on the law of the buyer's country.

Rules of origin
Rules of origin are the criteria used to decide which country goods come from. They matter because duty, import rules and trade agreement benefits can depend on the country of origin.

Sales funnel
A sales funnel is a model of the stages a buyer passes through, from first awareness to purchase. It is shaped like a funnel because fewer prospects remain at each later stage.

Sales pipeline
A sales pipeline is a structured view of all potential deals and the stage each one has reached, from first contact to a closed sale or a lost deal.

Sample order
A sample order is a small shipment of a product sent to a prospective buyer so it can test quality, packaging and suitability before placing a larger order. It is often a first step in building trust with a new importer.

Sanctions
Sanctions are restrictive measures that governments or international bodies impose on countries, companies or individuals, such as trade bans and asset freezes. Exporters screen buyers, end users and destinations against sanctions lists before they sell.

Sea waybill
A sea waybill is a transport document issued by the carrier that acts as a receipt for the goods and evidence of the contract of carriage. Unlike a bill of lading, it is not a document of title and is not negotiable, so goods are released to the named consignee without presenting an original.

Shipment data
Shipment data is a record of individual shipments, usually taken from customs declarations and cargo manifests. It can show the shipper, the consignee, the goods, quantities, weights and ports, which helps exporters research importers and competitors where such records are available.

Shipper
The shipper is the party that hands the goods to the carrier and is named on the transport document. In an export sale, the shipper is usually the exporter, or a forwarder acting for it.

Shipping mark
A shipping mark is the identification written on the outside of a package, such as the consignee code, destination, package number and handling symbols. It lets carriers, customs and the buyer identify the cargo and it must match the documents.

Standby letter of credit (SBLC)
A standby letter of credit is a bank undertaking that pays the beneficiary if the buyer fails to meet its payment obligation. It works as a backup guarantee and is usually not drawn on if the buyer pays as agreed.

SWIFT code (BIC)
A SWIFT code, also called a BIC (Business Identifier Code), identifies a bank in international payments. It has 8 or 11 characters and is part of the bank details you put on your invoice.

Tare weight
Tare weight is the weight of an empty container or of the packaging without the goods. Gross weight minus tare weight gives net weight, and container tare weight is stamped on the container.

Target market
A target market is the specific group of customers, in specific countries or regions, that a business has chosen to focus its sales and marketing on because they are the best fit for its product.

Tariff (Customs duty)
A tariff is a tax that a country charges on imported goods, also called customs duty or import duty. It is set per product, by HS code, and it raises the buyer's cost, so it affects how competitive your price is.

Tariff rate quota (TRQ)
A tariff rate quota lets a set volume of a product enter a country at a lower duty rate. Imports above that volume pay a higher rate. Exporters should check whether their product has a TRQ and how the quota is allocated.

Temporary admission
Temporary admission is a customs procedure that lets goods enter a country for a limited time, such as samples or trade fair exhibits, with duty and taxes suspended if the goods are re-exported. An ATA Carnet is an international document that covers it in many countries.

TEU (Twenty-foot Equivalent Unit)
TEU (twenty-foot equivalent unit) is a unit of container capacity based on a 20 ft container. A 20 ft container is 1 TEU and a 40 ft container is 2 TEU.

Total addressable market (TAM)
Total addressable market (TAM) is the total revenue opportunity available for a product if it won every possible buyer in a market. It is the upper limit of demand, used to judge whether a market is worth pursuing.

Trade show (Trade fair)
A trade show, also called a trade fair, is an event where companies in an industry exhibit products to buyers, distributors and other professionals. Exporters use them to meet importers face to face.

Transshipment
Transshipment is when cargo is moved from one vessel or vehicle to another at an intermediate port on its way to the final destination. It can add transit time and handling, so check whether your contract or letter of credit allows it.

Value proposition
A value proposition is a clear statement of the specific value you deliver to a defined type of customer and why they should choose you over the alternatives.

VGM (Verified Gross Mass)
VGM is the verified gross mass of a packed container. Under the SOLAS rules of the International Maritime Organization, in force since 1 July 2016, the shipper must provide it to the carrier before the container is loaded on a ship.

Volumetric weight (Dimensional weight)
Volumetric weight is a weight calculated from the size of a package, used by carriers to charge for bulky, light cargo. A common convention for air freight is length x width x height in cm divided by 6,000.

General information, not legal, tax or customs advice. Definitions are short summaries. See each term page for details and sources.