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Glossary of Terms

Air Waybill (AWB): A document issued by an air carrier that serves as a receipt for the goods and evidence of the contract of carriage.

Automated Manifest System (AMS): An electronic transmission system that provides paperwork to US customs authorities before freight arrives.

Bill of Lading (BOL or B/L): A legal document that serves as a receipt of goods and a contract between the shipper and carrier. The BOL includes information about the goods being shipped, the names and addresses of the shipper and carrier, and the terms and conditions of the shipment.

Bonded Warehouse: A building or other secured area in which dutiable goods may be stored, manipulated, or undergo manufacturing operations without payment of duty. It may be managed by the state or by private enterprise. In the latter case, a customs bond must be posted with the government¹. Bonded warehouses are widely used by importers and exporters as they create efficiencies in both supply chain management and cash flow².

CBP (Customs Border Patrol): A federal law enforcement agency of the United States Department of Homeland Security. It is one of the world's largest law enforcement organizations with more than 60,000 employees. CBP is responsible for keeping terrorists and their weapons out of the U.S. while facilitating lawful international travel and trade. The United States Border Patrol is the mobile, uniformed law enforcement arm of U.S. Customs and Border Protection within the Department of Homeland Security responsible for securing U.S. borders between ports of entry.

CES (Centralized Examination Station): A privately operated facility, not in the charge of a Customs officer, at which imported merchandise is made available to Customs officers for physical examination. A CES may be established in any port or any portion of a port, or any other area under the jurisdiction of a port director.

CFS (Container Freight Station): A facility used for the consolidation and deconsolidation of cargo, typically located near a seaport or airport. CFS facilities provide a range of services, including container loading and unloading, cargo inspection, and customs clearance.

CTPAT (Customs Trade Partnership Against Terrorism): A voluntary public:private sector partnership program which recognizes that CBP can provide the highest level of cargo security only through close cooperation with the principle stakeholders of the international supply chain such as importers, carriers, consolidators, licensed customs brokers, and manufacturers.

The program was launched in November 2001 and has since grown to include more than 11,400 certified partners spanning the gamut of the trade community. When an entity joins CTPAT, an agreement is made to work with CBP to protect the supply chain, identify security gaps, and implement specific security measures and best practices. CTPAT members are considered to be of low risk and are therefore less likely to be examined at a U.S. port of entry.

CTPAT is but one layer in U.S. Customs and Border Protection's (CBP) multi-layered cargo enforcement strategy. Through this program, CBP works with the trade community to strengthen international supply chains and improve United States border security.

Cargo Insurance: An insurance policy that protects against financial losses due to lost or damaged cargo during transit. It pays you the amount you're insured for if a covered event happens to your freight. These covered events are usually natural disasters, vehicle accidents, cargo abandonment, customs rejection, acts of war, and piracy. It is different from the carrier liability and insurance policies that are usually available from dedicated cargo and freight insurance companies, freight forwarders, agents, and large brokers.

Carrier: A company that transports goods. Carriers can include trucking companies, shipping lines, air cargo carriers, and railroads.

Chassis: The frame or structure that supports a container or trailer. Chassis are typically used to transport containers and are designed to be compatible with a specific type of container.

Certificate of Origin: An official document that states in which country or group of countries a certain product was manufactured.

Many countries outside the EU demand that a certificate of origin is included when importing goods. The rules regarding certificates of origin are laid down in EU and Dutch legislation. This legislation stipulates exactly under what conditions the origin of goods is determined. The Chambers of Commerce have the task to process requests for certificates of origin and to issue these certificates.

Clean Truck Fee: A fee charged by some ports or shipping terminals to help reduce air pollution and improve air quality. The fee is usually assessed on trucks that do not meet certain emissions standards.

Clean Energy Fee: A fee that is added to your electric bill to support the development of clean energy sources. It is sometimes referred to as a "green fee" or "renewable energy fee." The fee is used to fund the development of renewable energy sources such as wind, solar, and hydroelectric power. Some power companies provide an optional service called green pricing that allows customers to pay a small premium in exchange for electricity generated from clean, renewable ("green") energy sources. The premium covers the increased costs incurred by the power provider when adding renewable energy to its power generation mix.

Commercial Invoice: A document that is used in international trade by the exporter and the importer. It provides information about the parties involved, the goods being shipped, the country of origin, and the applicable taxes, tariffs, or duties. It is a legal document that serves as a request for payment, a contract of sale, and a customs declaration. It must often include a statement of truth and a signature. It is required for the export and import clearance process and the calculation of government charges.

Compliance Assessment: A systematic evaluation process conducted to assess an organization's adherence to applicable laws, regulations, policies, procedures, and industry standards. It involves evaluating the effectiveness of compliance programs, policies, and processes to identify compliance gaps, mitigate risks, and drive continuous improvement.

Compliance assessment can be done for specific compliance areas such as trade, customs, or TRIO programs or for the whole organization. It involves identifying, prioritizing, and mapping compliance risks as well as developing plans to address them. A compliance assessment may use a framework and methodology to organize and evaluate the compliance risk landscape.

Consignee: The person or company that receives a shipment of goods. The consignee is responsible for inspecting the goods upon delivery and for signing the bill of lading to acknowledge receipt of the shipment.

Container: A large box used to transport freight via maritime shipping methods.

Customs Bond: A contract between an importer, a surety company, and US Customs and Border Protection (CBP) that guarantees the payment of import duties, taxes, and fees, and the compliance with customs regulations. It is a mandatory document for importing goods into the US. It allows CBP to clear the shipment faster without waiting for cash payment. There are two types of customs bonds: single-transaction bonds and continuous bonds.

Customs Business: Refers to activities involving transactions with CBP (U.S. Customs and Border Protection) concerning the importation or exportation of merchandise, its classification and valuation, the payment or refund of duties, taxes, or other charges, and the preparation and filing of documents or data related to these activities. Customs business can be done by the importer, its authorized employee, or a licensed customs broker with a valid power of attorney. Customs business does not include the mere electronic transmission of data received for transmission to CBP or a corporate compliance activity.

Customs Clearance: Goods that are transported from one fiscal zone to another, must be customs cleared before they can be brought in to free circulation. The commercial invoice, packing list and any other documents pertaining to the cargo (i.e. Certificate of Origin, Veterinary certificates, etc) are presented to customs, whom then determine the duties and taxes to be levied.

If, as an importer of goods, you wish to customs clear your goods, you will require both a special customs license as well as a customs bond. Embassy Freight has the means to alleviate the burden and handle your customs needs. Ask your local Embassy Freight representative for more information.

Customs Entry: An official statement of specific information regarding your imported merchandise. It is the paperwork required to clear goods through customs when importing or exporting. Some of the common customs entry documents include:

1. Bill of lading or airway bill
2. Commercial invoice
3. Certificate of origin
4. Import license
5. Certificate of insurance
6. Letter of credit
7. Entry manifest or application and special permit for immediate delivery
8. Technical write:up or literature (for specific goods)
9. Industrial license (for specific goods)
10. ATA carnet (for temporary admission of goods)

Customs Valuation: The process of assigning a monetary value to imported goods for the purposes of import or export. The customs value is used to calculate the duty and other tariffs or taxes that apply to the imported goods. It is also an essential element for compiling trade statistics, monitoring quantitative restrictions, applying tariff preferences, and collecting national taxes.

The customs value is determined mainly for the purposes of applying ad valorem rates of customs duties. It constitutes the taxable basis for customs duties. The United States follows specific guidelines set by the U.S. Customs and Border Protection.

Delivery Order: A document that authorizes the delivery of goods to a specific location. The delivery order is typically issued by the consignee or their agent and must be presented to the carrier at the time of delivery.

Demurrage: Charges assessed by a carrier when a shipment is delayed beyond a certain period of time. The charges occur in ocean shipping when containers exceed the negotiated free time allowed.

Detention: The amount of time a carrier is held at a receiving location beyond a specified loading or unloading appointment. Typically, detention results in a charge to the consignor.

Drayage: The process of transporting goods over a short distance, typically from a port to a nearby warehouse or distribution center. Drayage can also refer to the use of specialized equipment, such as a dray, to move cargo.

Duty: A tariff or tax imposed on goods when transported across international borders. The purpose of customs duty is to protect each country's economy, residents, jobs, environment, etc., by controlling the flow of goods, especially restrictive and prohibited goods, into and out of the country. Dutiable refers to articles on which customs duty may have to be paid. Each article has a specific duty rate, which is determined by a number of factors, including where you acquired the article, where it was made, and what it is made of.

Duty Drawback: A refund of duties, taxes and fees paid on imported merchandise that are exported or destroyed later. It is a principle of international trade law and policy that aims to encourage exports and reduce trade barriers. Duty drawback is the oldest trade program in the United States and was codified in 1789.

EIN (Employee Identification Number): Also known as a Federal Tax Identification Number and is used to identify a business entity. Generally, businesses need an EIN. You may apply for an EIN in various ways, and now you may apply online. This is a free service offered by the Internal Revenue Service and you can get your EIN immediately.

FCL (Full Container Load): A shipment that occupies an entire shipping container. FCL shipments are typically used for larger volumes of cargo and are more cost-effective than shipping multiple smaller loads.

FTA (Full Trade Agreement): Wide-ranging taxes, tariff and trade treaty that often includes investment guarantees. It exists when two or more countries agree on terms that help them trade with each other. The main purpose of the agreement is to ease the flow of goods and services from one country to another on mutually agreed terms and conditions. It gives a competitive advantage to the countries signing the agreement.

Foreign Trade Zone (FTZ): A geographical area in or adjacent to a United States Port of Entry where commercial merchandise, both domestic and foreign, receives the same Customs treatment it would if it were outside the commerce of the United States. These zones are designated sites licensed by the Foreign Trade Zones (FTZ) Board at which special customs procedures may be used. These procedures allow domestic activity involving foreign items to take place prior to formal customs entry. Duty-free treatment is accorded items that are re-exported and duty payment is deferred on items sold in the U.S. market, thus offsetting customs advantages available to overseas producers who compete with producers located in the United States

Fuel Surcharge (FSC): An additional fee added to the cost of shipping to cover the cost of fuel. Fuel surcharges are calculated based on the price of fuel at the time of shipment and are subject to change based on market conditions.

General Order: A status given to imported goods that are missing the proper documentation or cannot be quickly cleared through customs for other reasons. Merchandise may be held under general order if the proper duties, fees, or interest are not paid, if the owner fails to complete the required customs paperwork, or if it is not correctly or legally invoiced. Goods will be held under general order if they remain uncleared for more than 15 days.

HS/HTS Codes: HTS stands for Harmonized Tariff Schedule. It is a classification system used in the United States to help determine customs duties to be paid on imports. HTS codes are 10-digits (the first six digits are the same as the HS code for the goods). The HTS is published by the US International Trade Commission (ITC). HTS codes allow you to estimate duties you will be expected to pay on your shipment when it enters the US.

Harbor Maintenance Fee (HMF): A "user fee" collected by the United States Customs and Border Protection (CBP) for shipments imported via the ocean. It is based on the value of the shipment and amounts to 0.125% of the commercial cargo value. The fee is used to facilitate the maintenance and improvements of sea ports in the United States.

Hazmat (Abbreviation of "Hazardous Materials"): Refers to substances in quantities or forms that may pose a reasonable risk to health, property, or the environment. HAZMATs include such substances as toxic chemicals, fuels, nuclear waste products, and biological, chemical, and radiological agents.

ISF (Importer Security Filing): Security declaration is a must for all products shipped by vessel to enter the USA. Since the September 11 attacks, US CBP (Customs and Border Protection) requires the ISF declaration of cargo import information throughout the whole transit process, so as to enhance cargo traceability and local security.

Note that ISF is a mandatory regulation only available to US Customs. And it only applies to ocean freight. That is to say, it does not affect cargo arriving by other transportation methods.

In addition, bulk cargo is exempt from ISF, as bulk cargo is directly put on the ship's hold without packaging, for example, mineral sand. But ISF is necessary for containerized bulk cargo.

Importer of Record: An individual, business, or third party that is responsible for ensuring compliance with all importing laws when importing goods into the United States. This individual or business can be the shipper, receiver, or a third party. The importer of record bears the responsibility for ensuring compliance with all importing laws and regulations on imported goods to compliance issues. They are responsible for assessing and paying duties, tariffs, and other fees related to the imported shipment. They also ensure that imported goods have correct entry documents, including filing the US Customs entry summary (also known as the CBP Form 7501) and other required documentation.

Intensive Exam: One of the three types of exams performed on cargo by a customs officer. It is performed to prevent contraband such as drugs, dangerous weapons, and other illegal goods from entering the country. This way, the security of the country is also upheld. An intensive exam requires a transfer to a Centralized Examination Station (CES) or Customs-bonded facility. CBP officers will physically open the shipment and inspect it hands-on. Depending on which port, this process can delay a shipment anywhere from 24 hours up to 2 weeks.

Known Shipper: The person or company that sends a shipment of goods. The shipper is responsible for preparing the shipment, including packaging, and labeling, and arranging for its transportation.

LCL (Less than Container Load): Used to refer to a quantity of goods that is not enough to fill a container. It is a term used in transport and commerce.

LTL (less than Truck Load): A shipping service for relatively small loads or quantities of freight. Less-than-truckload services are offered by many large, national parcel services as well as by specialized logistics providers.

These services can accommodate the shipping needs of countless businesses that need to move smaller batches of goods frequently. Less-than-truckload shippers offer economies of scale so that freight costs of individual shipments are minimized.

Last Free Day: Last day of a given period of free storage time during which cargo can be picked up from a port terminal or rail ramp without incurring demurrage fees. Last Free Day is also used as the last day that a container can be out of the port terminal before usage or per diem fees are charged.

Live Unload: A type of trucking delivery, meaning that the warehouse will unload the container while the driver waits on site. After the container is unloaded, the trucker will return the empty container to the container yard at the port.

MSDS (Material Safety Data Sheet): A standardized document that contains crucial occupational safety and health information. It is mandated by the International Hazard Communication Standard (HCS). According to this standard, chemical manufacturers must communicate the hazard information of their chemicals to those who handle them, and one way to achieve this is by providing a Safety Data Sheet. These sheets are comprehensive and cover essential details such as chemical properties, potential health and environmental hazards, recommended protective measures, as well as safety precautions for proper storage, handling, and transportation of chemicals.

Merchandise Processing Fee (MPF): A fee charged by the U.S. Customs and Border Protection to the importer for imports into the U.S. It is an ad valorem tax, meaning that it is a percentage of the estimated value of the imported goods. *This percentage changes, therefore, ask your Customs Broker for the current rate.*

Non Vessel Operating Common Carrier (NVOCC): An ocean carrier who performs all of the services of a carrier, but who does not own their own vessel(s). They operate by leasing or buying available space in containers and using their own House Bill of Lading to contract with customers.

An NVOCC is a transportation intermediary, similar to a Freight Forwarder, except that an NVOCC contracts directly with the shipper to transport containers but does not usually own warehouse space (as opposed to a freight forwarder, who acts as the shipper's agent to book the shipment for transport with a carrier, but will typically have access to their own warehouse space).

NVOCCs are not controlled or regulated, but they usually must register for a license in the country where they operate.

Original Bill of Lading (OBL): A shipping document or a contract of carriage which serves as the title of the cargo and a shipment receipt. This document confirms the carrier's receipt of the cargo.

Out of Gauge (OOG): Loads which dimensions exceeding those of the container. The shipping companies charge an OOG surcharge for lost slots. After all, wherever goods protrude, no other containers can be loaded.

Partner Government Agency (PGA): A division of the federal government that regulates specific products imported into the U.S., along with Customs. Once known as OGA (other government agencies), the term describes government regulatory agencies that assist Customs in evaluating imported goods.

Power of Attorney (POA): The authority to act for another person in specified or all legal or financial matters; a legal document giving power of attorney to someone.

Packing List (PL): A document that specifies the location of each item in a package.

Per Diem Charge: The rate a railroad pays another to use its cars.

Periodic Monthly Statement (PMS): A feature of the Automated Commercial Environment (ACE) that simplifies the payment and collection of duties and fees and promotes account based processing. Periodic Monthly Statement allows users to consolidate the payment of duties and fees on a monthly basis.

Pier Pass Fee: A fixed charge imposed on containers moving at the port of Los Angeles and Long Beach during daytime and nighttime.

Prior Disclosure: A "safe harbor" by which importers and drawback filers may report to Customs errors in classification or valuation, and other incorrect information associated with the filing of import or drawback entry.

Reasonable Care: The degree of caution and concern an ordinarily prudent and rational person would use in similar circumstances. It is a standard used to determine a legal duty and whether such duty was fulfilled.

Related Parties: Affiliates, other subsidiaries under common control, owners of the business, its managers, and their families, the parent entity, and trusts for the benefit of employees.

Responsible Supervision and Control: That degree of supervision and control necessary to ensure the proper transaction of the customs business of a broker, including actions necessary to ensure that an employee of a broker provides substantially the same quality of service in handling customs transactions that the broker is required to provide.

Rules of Origin: Used to determine if products are eligible for duty-free or reduced duties under the FTA rules even though they may contain non-originating (non-FTA) components.

The rules determining country of origin can be very simple if a product is wholly grown or manufactured and assembled primarily in one country. However, when a finished product includes components that originate in many countries, determining origin can be more complex. Rules of origin can be very detailed and specific, and vary from agreement to agreement and from product to product.

If you are unsure of your product's qualification or if past shipments have been questioned by the FTA destination customs authority, you can make an appeal. All FTAs have a mechanism for requesting a binding advanced ruling on the goods by the destination customs authority. Consult the specific FTA for this process and contact information.

Shipper's Letter of Instruction (SLI): A shipping document, generated by the shipper/exporter, that provides transportation and documentation instructions for a freight forwarder or carrier.

Storage Charges: Form of service fees for a rented storage space from a logistics service provider. The amount of charges depends on the weight of the goods, the storage space and the number of days or hours the goods are stored.

Twenty Foot Equivalent Unit (TEU): An inexact unit of cargo capacity, often used for container ships and container ports. It is based on the volume of a 20-foot-long (6.1 m) intermodal container, a standard-sized metal box which can be easily transferred between different modes of transportation, such as ships, trains, and trucks.

The container is defined by its length, although the height is not standardized and ranges between 4 feet 3 inches (1.30 m) and 9 feet 6 inches (2.90 m), with the most common height being 8 feet 6 inches (2.59 m). It is common to designate a 45-foot (13.7 m) container as 2 TEU, rather than 2.25 TEU.

Tail Gate Exam: A type of Custom exam, the next step up from an X-ray exam. If U.S. Customs and Border Protection (CBP) selects your container for a Tail Gate exam, a Customs officer will break the seal of the container at the ocean terminal, open the doors, and look inside the container.

Total Entered Value (TEV) (Also Called "Customs Value"): Refers to the total value of the merchandise that is being imported into a country. On the basis of customs value, import duty for customs clearance of goods is determined.

For instance, if your shipment has 10 items and the value of each item is US \$20, then the customs value of your goods would be US \$200.

Ultimate Consignee: The person or entity that is the final recipient of a product or goods being shipped or exported from one country to another. This could be a company, an individual, or a government entity, depending on the nature of the goods being shipped and the purpose of the shipment.