



Exporting Recyclable Commodities Overseas  
from Canada

August 2017

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## Introduction

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This document provides information to consider when exporting a load of recyclables from Canada. Canada is the 11<sup>th</sup> largest export economy in the world with exports amounting to US \$390 billion in 2016. Canada is a trading nation, where a large percentage of the economy is achieved through international trade. According to Statistics Canada, the 20 largest trade partners of Canada (United States, Europe and China topping the list) represent 90% of Canada's exports and 92% of Canada's imports in 2016. The Government of Canada creates favourable conditions for Canadian businesses to compete internationally. This is achieved through Free Trade Agreements (FTAs) and Foreign Investment Promotion and Protection Agreements (FIPAs) between Canada and its trading partners.

Variables to consider when exporting recyclables include: material type/form, load weight, market availability, buyer requirements and export prices.

Commodities being exported from Canada are required by the Customs Act to be reported. The main objectives of reporting export commodities are to:

- Collect accurate information on Canadian exports;
- Monitor and control the export of restricted goods; and
- Control the outbound movement of goods in transit through Canada.

Canada has a responsibility to ensure that the goods it exports into the international market do not pose a security threat to other countries. The Canada Border Services Agency (CBSA) export program:

- Ensures exporters understand and abide by national export-related laws, policies and procedures;
- Supports the Government of Canada's evolving national and international priorities; and
- Aids in maintaining Canada's trade reputation by ensuring Canadian exports comply with international agreements and conventions and protects Canada's national interests.

Appendix A provides step by step instructions on how the export process is carried out. Samples of required documents and other pertinent information are included in Appendix B-D. Following the process outlined in Appendix A will ensure a smooth transition of your recovered recyclable materials to the export market.

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## Freight Options

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A freight rate is a price at which cargo is delivered from one point to another. The rate/price depends on what the cargo is, the mode of transportation, the weight of the cargo, and the distance to the delivery destination, among other variables. For exporting goods, an intermodal truck is used to transport empty shipping containers from the Exporter to the Supplier and then return the filled containers back to the Exporter at the rail/pier. Freight costs can be expensive so it is worth your time to shop around. The goal should be to get the best rate possible with the most reliable hauler.

When a Buyer/Exporter is responsible for freight, they will provide a "picked up" or FOB price to the Supplier. This price will include all associated costs (haulage, export customs, allowance for demurrage, and so on) and will be based on the minimum weight provided by the Buyer/Exporter. Each Buyer/Exporter will have their own predetermined minimum and maximum weights for their containers. These weights usually range from 52,000 lbs. to 58,000 lbs. per container. Similarly, when the Supplier is responsible for freight, they will provide a "delivered" or FAS price to the Buyer/Exporter.

## Freight Rate Shopping

There are three ways to source a freight quote:

<b>Freight Broker</b>	Freight brokers are companies that act as agents for multiple haulers. Using a broker can be beneficial as they have access to a larger number of trucks. Some brokers can provide better rates because of the freight lanes they run.  <i>NOTE: Brokers fees are generally included in the rates they provide.</i>
<b>Direct Networking</b>	Developing relationships with local hauling companies is a best practice and may result in preferred pricing.
<b>Referrals from MRFs or End-Markets</b>	Referrals for trucking companies may be provided by contacting other local MRF operators, or by contacting the end market to request names of trucking companies that deliver material to their rails/pier from other Canadian MRFs.

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## Logistics

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Once pricing and freight have been confirmed, the Buyer/Exporter will send a Purchase Order (PO) (Appendix B) to the Supplier. For this scenario, it is assumed that the Supplier is responsible for freight.

The PO will contain:

- Description of the material
- Minimum weight of material required
- Approximate weight of material
- Confirmed pricing for material
- Date of delivery (if Supplier is providing trucking as in this example); or Date of pickup (if Buyer is providing trucking)

## Supplier Responsibilities

After securing a hauler, the Supplier should request a copy of the hauler's current insurance certificate. This ensures that the Supplier is covered for load loss or damage of material. Once trucking has been confirmed, communicate with the Buyer so that they can provide you with a Booking form (Appendix C). The booking form contains:

- Earliest Return Date (ERD) of container
- Packing List cut off
- Cargo cut off
- Pickup and drop off locations for the container
- Type and weight of material being transported
- Estimated date of departure from the country
- Estimated date of arrival in destination country
- Contact information of Exporter

Upon receiving a Booking form, the Supplier will send a copy of it to the trucking company so that they are aware of the time to pick-up and return the container. The trucking companies will generally pick-up the container from the container yard a day or so before the ERD. This is done to prevent additional charges for demurrage or holding as the trucking company will not store the containers. The Supplier should then obtain an estimated time of arrival for the container at their facility so that the material can be staged and ready for loading.

Before loading material into the container, loading photos are required. The Exporter will require loading photos to be sent along with the Packing List (Appendix D). These photos generally show:

- The empty container with both doors open showing the container number on the inside wall
- The container half loaded with both doors open showing the container number on the inside wall
- The fully loaded container with both doors open showing the container number on the inside wall
- The fully loaded container with left door open and right door closed showing the container information on the back door
- The back of the container with both doors closed
- A close-up, clear photo of the seal attached to the container

## Exporter Responsibilities

The Exporter is primarily responsible for exporting commodities. They are required to hold a Business Number (BN) in good standing. The BN has 15 digits and identifies the parties responsible in the sale/purchase and export transaction. These parties do not include the carriers, customs service providers or parties involved in transporting the commodities.

Once the Exporter receives the containers, they are responsible for completing the export declaration and submitting it to the CBSA. This declaration is mandatory if the goods are valued at more than \$2,000 CAD. The Exporter may delegate this to a third-party service, such as a customs service provider. However, even when the third party is preparing the export declaration documents, the Exporter (whose name and BN are on the export documents), remains liable for ensuring that accurate information is provided to the CBSA within the designated time frames. The minimum timeframe for reporting:

- Air – two hours before goods are loaded
- Rail – two hours before goods are loaded
- Sea – forty-eight hours before goods are loaded

In some cases, government inspectors may examine the shipment to ensure compliance with the CBSA requirements and regulations. This examination is conducted free of charge, however, if the goods need to be moved and a transport company is hired, the Exporter will receive an invoice from that company for their services.

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## Export Market Considerations

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Financial benefits may be realized by selling to overseas markets. China is generally viewed as the primary overseas destination for recyclable commodities exported from Canada. In 2016, Canada exported \$3.5 million USD of plastics to China. However, Canadian recyclers should be aware of the strict import regulations and programs that China has in place that may present challenges.

### Green Fence

In February 2013, the Chinese Government launched **Operation Green Fence**. The goal of the Operation was to protect Chinese manufacturers and the environment by significantly reducing the amount of contaminated recyclable material and waste coming into the country. China was importing 12 million tons of plastic waste and approximately 70 percent of the world's 500 million tons of e-waste annually. This material, along with metals, paper, cardboard and textiles, was primarily

being imported from North America and Europe. The trade was beneficial for both parties, as China would ship products to North America and those containers would be filled with recyclable raw materials and returned to China. However, the quality of material being sent to China started to decrease, resulting in environmental degradation and more material being sent to landfill.

The Operation involved aggressive inspection efforts on all containers filled with recyclable materials. Any shipments that were considered to have a contamination rate of 1.5 percent or higher were rejected and sent back. Within the first six months, approximately 800,000 tons of recyclables were rejected and 300 companies lost their import licenses. The exporter was also charged approximately \$10,000-\$18,000 per container in fines and for the payment of the return shipment.

China manufactures a large percentage of consumer goods that are shipped worldwide and thereby became a wide outlet for recyclable raw materials from overseas markets. With the enforcement of Operation Green Fence, the global recycling industry was impacted both positively and negatively.

### The Negative Impacts of Operation Green Fence

**The value of recyclable material decreased:** The initiative immediately brought about a decrease in the value of recyclable commodities as numerous shipping containers of recyclable materials were being rejected for poor quality. Before the Operation, the processing costs to send recyclable materials into China were lower as China accepted mixed grades of paper and plastics. The demand for the recyclables was high as were the market prices. After the Operation was implemented, recyclers exporting materials to China had to invest in newer technologies and change their processes.

**The cost to process materials increased:** The Operation rejected any shipments that had a contamination rate of 1.5 percent or higher. Recyclers had to adapt quickly and improve their processing capabilities and to reduce the contamination levels in the materials being exported. This investment in the processing technologies and equipment increased overall processing costs.

### The Positive Impacts of Operation Green Fence

**The domestic markets strengthened:** The Operation paved the way for recyclers to develop a stronger domestic market for recyclables. With huge investments in technology to improve the quality of recyclable material, there was a lesser need to export the material to China.

**Innovations in the recycling industry:** The recycling industry in North America and Europe became more focused on improving and innovating their recycling technologies. The Operation sparked a wave of innovation amongst recyclers to find more sustainable handling and processing techniques. This has led to improvements in bale qualities of recyclables. Even though Operation Green Fence had negatively affected the export market from North America and Europe, it provided those countries with an opportunity to evaluate their recycling businesses, innovate and find alternatives to improve the quality of their products.

### National Sword

In February 2017, the Chinese Government launched the National Sword campaign. It has often been dubbed as the “Second Green Fence”. While the Green Fence was focused on rejecting shipments if they were too contaminated (over 1.5 percent), the National Sword targets organized operations that are attempting to smuggle waste into China. According to Steve Wong, Executive Vice-President of the China Scrap Plastics Association, the focus of plastic waste items for inspections include e-waste, household waste, agricultural films and tubes, bottles and more.

The National Sword has thrown a blanket inspection process over all grades of recyclables. There are government inspectors stationed at the port of arrival and inspect each container of material, rejecting complete shipments, or containers, should they decide contamination exceeds the acceptable level.

The campaign has so far resulted in 15 smuggling operations being exposed and 22,100 tons of foreign waste being confiscated. Enforcement officials have also seized 85,000 tons of recyclables, primarily scrap plastics and metals, with a value of 1 billion Chinese Yuan (about \$146.5 million USD), according to a June 16, 2017 report provided to Plastics Recycling Update. It has also reduced demand for export products in China as was the case during Operation Green Fence and has forced North American exporters to seek out alternative markets (domestic or export) for their materials. While Operation Green Fence and National Sword were designed to reduce contamination and illegal importation practices respectively, there were indicators of an impending import ban into China.

## China Import Ban

On July 18, 2017 China notified the World Trade Organization (WTO) that it intends to ban the imports of four classes and 24 types of solid wastes including plastic waste from living sources, vanadium slag, unsorted waste paper and waste textile materials. The reasons cited for the ban are to protect human health and safety as well as to protect the environment. China found large amounts of dirty and hazardous wastes mixed in the materials imported that polluted their environment and affected the health of its workers. The interpretation and enforcement of the ban will greatly determine the impact on the North American curbside commodity markets. Given these changes, exporting recyclables into China holds increasing challenges.

In a document posted by the Chinese government in August 2017, more specifics were provided about which materials will be affected by the proposed ban on recovered materials. It appears from their statement that PE, PET, PS, PVC and “other” plastics recovered from post-consumer sources will be banned outright. Those recovered resins from post-industrial sources are on a list of “restricted” imports and will still be accepted into the country. Similar information was provided on the fibre side, with an industry publication stating that the Chinese Ministry of Environmental Protection indicating that the government would set a “maximum contamination rate of 0.3 percent (out-throws) on all grades coming to China by the end of the year. The Institute of Scrap Recycling Industries (ISRI) has stated in an August 25<sup>th</sup> letter to Chinese officials that such a contamination rate would effectively result in a ban on all of these commodities. ISRI also stated that it is simply not possible to satisfy this contamination level nor measure it accurately.

While the ban regulations don’t take effect until December 31, 2017, some exporters have already reported problems sending loads, and have had some material rejected. Some industry organizations are tracking the rejected shipments, such as The Canadian Plastics Industry Association (CPIA) to quantify the impact of the ban. The net result will be an immediate destabilization of market prices as some brokers attempt to export as much as possible before the ban and others reduce orders anticipating trouble exporting their loads.

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## Other Overseas Markets

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Some North American recycling companies sell material to alternative export markets including South Korea, India, Taiwan and Malaysia. Recycling operators should ensure they understand which market their material can be sold into along with specifications and restrictions.

## Sample Table

The following table provides an example of costs incurred per tonne when shipping common commodities overseas. The cost per metric tonne is calculated by:

$$= \frac{(\text{Freight Rate} + \text{Customs Fees})}{(\text{Load Weight [lbs.]} / 2204.6)}$$

Supplier Location	Exporter Destination	Customer Destination	Commodity	Weight (lbs.)	Freight Rate (\$ CAD)	Shipping Container Fee (\$ CAD)	Cost per tonne (\$ CAD)
Ontario, Canada	The Pier, Ontario, Canada	South Korea	Gable/Aseptic	54,000	\$200	\$1,600	\$73.49
Ontario, Canada	The Pier, Ontario, Canada	China	Mixed Paper	56,000	\$300	\$1,680	\$77.95

## Rejection of Loads

In some rare cases, the buyer may reject your shipped load. This can be done for a variety of reasons:

- There are import bans, strict regulations and policies regarding the exported material in the country of import
- The load of recyclable materials has a high level of contamination
- The load of recyclable materials is misrepresented to the Buyer
- There is a dispute between the Exporter and the Buyer

The time and circumstances of rejection are important to consider when determining next steps with the rejected load.

Rejection Scenario	Possible Solutions
Export goods rejected before completion of import customs clearance at port of final destination	<ul style="list-style-type: none"> <li>• The Exporter can negotiate with the buyer to accept the goods at a discounted rate.</li> <li>• The Exporter can approach other buyers in the same region to purchase the commodity at the discounted rate</li> <li>• The Exporter can appoint a local commission agent to find a new buyer</li> <li>• Determine if it is worth bringing the goods back into your country and reselling domestically</li> </ul>
Export goods rejected by Buyer after customs clearance	<ul style="list-style-type: none"> <li>• The Exporter can negotiate with the same Buyer to accept the goods at a discounted rate</li> <li>• The Exporter can provide a discount in future shipments to compensate for loss</li> <li>• Determine if it is worth bringing the goods back into your country and reselling domestically</li> </ul>
Export goods rejected due to a dispute between Buyer and Exporter	<ul style="list-style-type: none"> <li>• The Exporter can appoint a local commission agent to find a buyer and resell the commodities</li> </ul>



Rejection Scenario	Possible Solutions
	<ul style="list-style-type: none"><li data-bbox="553 254 1422 327">• The Exporter can approach other buyers in the same region to purchase the commodity at the discounted rate</li></ul>

## Appendix A: Step by Step Process for Exporting Recyclables from Canada

Activity	Steps
Negotiate pricing	<ol style="list-style-type: none"> <li>1. Review pricing indexes for materials beforehand (e.g., The RISI Pulp and Paper Price Index -<a href="http://www.risiinfo.com/service/prices/grades-and-regions">http://www.risiinfo.com/service/prices/grades-and-regions</a>) to help ensure that both parties are satisfied with the settled price.</li> <li>2. Clarify which party will be responsible for logistics. If you (the Supplier) are responsible for securing transportation, be sure to include freight costs in the negotiated price.</li> <li>3. Once pricing is confirmed, the Buyer/Exporter sends a Purchase Order (PO) to the Supplier. The PO will contain a description of the material, minimum weight of material required, approximate weight of material, confirmed pricing, and date of delivery (if Supplier is providing trucking) or date of pickup (if the Buyer is providing trucking).</li> </ol>
Review Transportation Logistics (prior to contacting trucking companies)	<ol style="list-style-type: none"> <li>1. Are delivery appointments required by the Buyer, or are trucks unloaded “first come, first served”?</li> <li>2. What are the Buyer’s receiving hours?</li> <li>3. What is the Earliest Return Date (ERD) for the container?               <ol style="list-style-type: none"> <li>a. This information can be obtained from the Booking that is provided by the Buyer/Exporter</li> </ol> </li> </ol>
Identify/Contact Potential Trucking Companies to Compare Prices	<ol style="list-style-type: none"> <li>1. Ensure that “all-in” (fuel included) pricing is requested. Prior to providing a quote, trucking companies will generally ask for:               <ol style="list-style-type: none"> <li>a. The pick-up location of the container,</li> <li>b. The pick-up location of the Supplier’s material,</li> <li>c. A drop-off or delivery address for the container,</li> <li>d. The type of truck required (in most cases, the truck will be an intermodal trailer),</li> <li>e. The type of material being transported,</li> <li>f. The number of containers required,</li> <li>g. The weight of the material, and</li> <li>h. What form the material is in (baled or loose)?</li> </ol> </li> <li>2. Suppliers should also ask the trucking company how long they allow for loading of the material. If this process takes more than your allotted time (generally two hours total), an additional fee may be charged.</li> </ol> <p>NOTE: This research can be sped up by using a Commodities Broker.</p>
After Trucking is Confirmed	<ol style="list-style-type: none"> <li>1. The Buyer will provide you with a Booking. This informs the Supplier about the ERD of the container, Packing List Cut Off, Cargo Cut Off, Estimated Date of Departure from the country and Estimated Date of Arrival in the Destination</li> </ol>

Activity	Steps
	<p>Country. The form also includes all the details regarding the type and weight of material being transported, pickup and drop off locations for the container and contact information of Exporter.</p> <ol style="list-style-type: none"> <li>2. The confirmed trucking company will usually ask for the Booking so that they are aware of the time to pick-up the container from the Exporter and the date to return the container by.               <ol style="list-style-type: none"> <li>a. Generally, trucking companies will pick-up the container a day or so before the ERD. This is done to prevent charging the Supplier for holding/demurrage as the trucking company will not store the containers.</li> </ol> </li> </ol>
Communicate Pick-up	<ol style="list-style-type: none"> <li>1. Communicate the date of container pick up with the Buyer.</li> <li>2. Contact the trucking company to obtain an estimated time of arrival (ETA) for the container at your facility. Obtaining an ETA will help ensure the material is ready or staged for loading.</li> </ol>
Loading the Container	<ol style="list-style-type: none"> <li>1. Before loading the container, ensure that you take the required loading photos. The Buyer/Exporter will ask for loading photos of the container to be sent along with the Packing list. These photos must show:               <ol style="list-style-type: none"> <li>a. The empty container with both doors open showing the container number on the inside wall,</li> <li>b. The container half loaded with both doors open showing the container number on the inside wall,</li> <li>c. The fully loaded container with both doors open showing the container number on the inside wall,</li> <li>d. The fully loaded container with left door open and right door closed showing the container information on the back door,</li> <li>e. The back of the container with both doors closed and,</li> <li>f. A close-up, clear photo of the seal attached to the container</li> </ol> </li> <li>2. Make sure the load is correctly distributed and weight limitations of the truck are not exceeded.</li> <li>3. Scale the load at your site to get the exact weight of the material and record this information on the Packing list.</li> <li>4. Ensure that the material is loaded in time for the trucker to return the container to the buyer by the ERD.</li> </ol>
Create a Packing List	<ol style="list-style-type: none"> <li>1. Issue a Packing List to the trucker and to the Buyer that includes:               <ol style="list-style-type: none"> <li>a. PO Number</li> <li>b. Booking Request Number</li> <li>c. Booking Number</li> <li>d. Description of Commodity</li> </ol> </li> </ol>

Activity	Steps
	<ul style="list-style-type: none"> <li>e. Pick-up Date of Container</li> <li>f. Container Number</li> <li>g. Seal Number (as is shown on the seal used to securely lock the container)</li> <li>h. Number of Bales</li> <li>i. Weight of Material</li> <li>j. Tare Weight (as is shown on the back of the container)</li> </ul>
Follow-up with Exporter	<ol style="list-style-type: none"> <li>1. Provide the Exporter with the completed Packing list before the packing list cut off.</li> <li>2. Ensure that the container reaches the rail/pier on time before the ERD</li> <li>3. Communicate with the Buyer to ensure that the container was delivered on time.</li> </ol>

Appendix B: Sample Purchase Order

**The Shipper Shipping Company**

Toronto, ON  
M1A 3R4  
Phone: 1-123-456-7899

**PURCHASE ORDER**

DATE June 29, 2017  
PO # 001

**VENDOR**

Jane Doe  
ABC Plastics  
Anywhere, ON  
L5X 1D6  
Phone: 1-800-456-1234

**SHIP TO**

John Smith  
The Shipper Shipping Company  
Toronto, ON  
M1A 3R4  
1-123-456-7899

REQUISITIONER	SHIP VIA	F.O.B.	SHIPPING TERMS
	The Trucking Company		

ITEM #	DESCRIPTION	QTY	UNIT PRICE	TOTAL
	Mixed PET Bales	300,000	\$X.XX	\$XX,XXX

**Comments or Special Instructions**

SUBTOTAL	\$XX,XXX
TAX	
SHIPPING	
OTHER	
<b>TOTAL</b>	<b>\$XX,XXX</b>

## Appendix C: Sample Booking Form

## The Shipper Shipping Company

### Booking/Shipping Instructions

Date: 06/30/2017

Booking Request#: 54321

<b>Supplier:</b>	ABC Plastics	<b>Carrier:</b>	The Trucking Company
<b>Location:</b>	Anywhere, Ontario	<b>Booking#:</b>	98765
<b>P.O#:</b>	12345	<b># of Containers:</b>	2 x 40' High-Cube
<b>Commodity:</b>	PET	<b>Vessel:</b>	Ontario Express
<b>Minimum Weight:</b>	52,000 lbs.	<b>Voyage:</b>	
<b>Maximum Weight:</b>	Not to exceed legal weight restrictions and not to exceed the payload weight	<b>Port of Loading (POL):</b>	Montreal (Inland Point Intermodal [IPI]: Toronto)
<b>Exporter Contact:</b>	John Smith	<b>Port of Destination (POD):</b>	China

Earliest Return Date (E.R.D)	Packing List Cut Off (EST)	Cargo Cut Off (EST)	Estimated Time of Departure (E.T.D)	Estimated Time of Arrival in Destination Country (E.T.A)
07/03/2017	07/11/2017 11:00:00	07/10/2017 14:00:00 (IPI: Toronto)	07/14/2017 (Montreal)	09/07/2017

#### Special booking Instructions

- Seal number for each container must be accurately reported on packing list. The loading party will be fully responsible for all penalties charged by Custom in china and other related cost incurred if no seal number or wrong seal numbers are provided.
- Late packing list submission after packing list cutoff is subject to penalties by the shipping line.

#### Additional Details:

Pickup Container at Rail facility in Mississauga, Return Container to Rail facility in Toronto  
Please call: 1800-123-4567 to confirm details.

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Appendix D: Sample Packing List

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The Shipper Shipping Company Packing List

**PO#:** 001

**Supplier Name:** ABC Plastics

**# of Containers:** 2

Date	Booking #	Booking Request #	Container #	Commodity	Tare Weight (lbs.)	Net Weight (lbs.)	# of Bales	Seal #
July 2, 2017	98765	54321	XYZ123	PET	8,420	45,000	40	911456
July 2, 2017	98765	54321	XYZ456	PET	8,460	45,000	40	911457

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## Appendix E: Glossary of Terms

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**Agreed Weight:**

The weight prescribed by agreement between carrier and shipper for goods shipped.

**Backhaul:**

To bring/haul a shipment back over part of a route it has already traveled.

**Billed Weight:**

The invoiced weight shown in a waybill and freight bill.

**Broker:**

A person who arranges for transportation of loads for a commission.

**Bill of lading (BOL):**

A legal contract between the shipper and the carrier for the transportation of goods. The bill of lading shows, among other information, where freight is going, where freight originated, description of the freight, number of pieces and weight.

**Certificate of Free Sale:**

Signed statement from the producer or exporter attesting that a product has been commercially sold within the country of origin.

**Commercial Invoice:**

A document prepared by the exporter and required by the foreign buyer to prove ownership and arrange for payment to the exporter. It should provide information about the transaction including: description of goods, address of the shipper and seller, and delivery and payment terms. In most cases, the commercial invoice is used to assess customs duties.

**Deficit Weight:**

The weight by which a shipment is less than the minimum weight.

**Demurrage:**

A penalty charge against shippers or consignees for delaying the carrier's equipment beyond the allowed free time.

**Destination:**

The place where the carrier turns over cargo to consignee or his agent.

**Detention:**

A penalty charge against shippers or consignees for delaying carrier's equipment beyond allowed time. Demurrage applies to cargo; detention applies to equipment.

**Export Packing List:**

A list that itemizes the exported material in each package and indicates the type of package, such as a box, crate, drum, or carton. An export packing list is considerably more detailed and informative than a standard domestic packing list. It also shows the individual net, tare, and gross weights and measurements for each package (in both U.S. and metric systems).



**Free Alongside Ship (FAS):**

A shipping term used only for waterborne shipments. It refers to the seller's price for the goods, including the charge for delivery of the goods alongside the vessel at the named port of export. The seller handles the cost of clearing the goods for export and delivery to the vessel, the buyer is accountable for the costs of loading, ocean transportation, and insurance.

**Free on Board or Freight on Board (FOB):**

A shipping term that establishes which party (seller or buyer) will be liable for movement of the goods and transportation costs. It identifies the location where ownership of the merchandise transfers from seller to buyer. If the FOB terms of sale indicate that it is "FOB delivered" then this implies that the shipper will be responsible for the carrier's costs. If the terms of sale show "FOB picked up," then this means that the buyer will take the title of the goods when they are shipped and they will incur all the transportation costs from the shipping location to the final destination.

**Free Carrier (FCA):**

A defined place within the country of origin of the shipment. This term defines the seller's responsibility for handing over the goods to the carrier at the designated shipping point. This term may be used for any mode of transport.

**Freight:**

Goods transported by truck, train, ship or aircraft.

**Freight Lanes:**

Lanes or [carrier](#) lanes, [freight](#) lanes or shipping lanes, are transportation routes from point A to point B that carriers run regularly. Carriers can optimize revenue by setting up dedicated freight lanes with consistent backhaul opportunities.

**Fuel Surcharge (FSC):**

An additional charge to the customer to make up for an increase in fuel prices.

**Gross Weight:**

Entire weight of goods, packaging and freight car or container, ready for shipment.

**GVW:**

Abbreviation for "Gross Vehicle Weight." The combined total weight of a vehicle and its container.

**Hazardous materials:**

Commodities classified by the Department of Transportation as hazardous, and which require special handling and documentation.

**Independent Tariff:**

Any body of rate tariffs that are not part of an agreement or conference system.

**Inspection Certificate:**

A certificate issued by an independent agent attesting to the quality and/or quantity of the merchandise being shipped.

**Insurance Certificate:**

A document prepared by the exporter to provide evidence that insurance against loss/damage has been obtained for the goods.

**Interchange Point:**

A location where one carrier delivers freight to another carrier.

**Interline Freight:**

Freight moving from origin to destination over the Freight lines of two or more transportation carriers.

**Intermediate Point:**

A point located en route between two other points.

**Intermodal:**

Used to denote movements of cargo containers interchangeably between transport modes, i.e., ground, air, rail or water carriers, and where the equipment is compatible within the multiple systems.

**Invoice:**

An itemized list of goods shipped to a buyer, stating quantities, prices, shipping charges, etc.

**LCL:**

Abbreviation for "Less than Container Load." The quantity of freight which is less than that required for the application of a container load rate.

**LTL:**

Less Than Truckload Also known as LCL. Is an acronym for Less-Than-Load, meaning cargo that is not of the quantity to require an entire truckload by itself.

**Master Inbond:**

U.S. Customs' automated program under AMS. It allows for electronic reporting of inbound (foreign) cargoes in the U.S.

**Minimum Charge:**

The lowest charge that can be assessed to transport a shipment.

**Mixed Container Load:**

A container load of different articles in a single consignment.

**Net Tare Weight:**

The weight of an empty cargo-carrying piece of equipment plus any fixtures permanently attached.

**Net Weight:**

Weight of the goods alone without any immediate wrappings, e.g., the weight of the contents of a tin can without the weight of the can.

**Open Top Container:**

A container fitted with a solid removable roof, or with a tarpaulin so the container can be loaded or unloaded from the top.

**Origin:**

Location where shipment begins its movement.

**Original Bill of Lading (OBL):**

A document which requires proper signatures for consummating carriage of contract.

**Packing List:**

Itemized list of commodities with marks/numbers, but no cost values indicated.

**Pallet:**

A platform with or without sides, on which several packages or pieces may be loaded to facilitate handling by a lift truck.

**Payee:**

A party named in an instrument as the beneficiary of the funds. Under letters of credit, the payee is either the drawer of the draft or a bank.

**Payer:**

A party responsible for the payment as evidenced by the given instrument. Under letters of credit, the payer is the party on whom the draft is drawn, usually the drawee bank.

**Per Diem:**

A charge, based on a fixed daily rate.

**Permits:**

Usually refers to permits issued by the state for the transport of heavy or oversized goods.

**Pick-up:**

The act of calling for freight by truck at the consignor's (shipper) shipping platform.

**Proof of Delivery:**

A document required from the Carrier or driver for proper payment.

**Quarantine:**

A restraint placed on an operation to protect the public against a health hazard.

**Skids:**

Battens, or a series of parallel runners, fitted beneath boxes or packages to raise them clear of the floor to permit easy access of forklift blades or other handling equipment.

**Tare Weight:**

The weight of the empty container.

**Tariff:**

A publication setting forth the charges, rates and rules of transportation companies.

**Truckload:**

Quantity of freight required to fill a truck.

**Waybill (WB):**

A document prepared by a transportation line at the point of a shipment; shows the point of the origin, destination, route, consignor, consignee, description of shipment and amount charged for the transportation service.