

BCL – Bank Comfort Letter Also known as a Bank Capability Letter, or Bank Confirmation Letter, this is a letter from the buyer's bank, confirming his ability to meet a certain level payment requirements.

BOL or B/L - Bill of Loading. This is the receipt given by the shipping company when goods are loaded onboard the vessel. This is an important document and gives title to the goods. It is needed by the buyer to obtain the goods from the port.

CFR - Cost and Freight. The price includes the cost of the goods, loading, and freight to the named Destination Port. This does not include unloading charges.

CIF – Cost, Insurance and Freight. This is the same as CNF, but also includes insurance to the named destination port.

DC – Draft Contract, A draft contract is an initial contract which is drawn up and sent from the seller to the buyer. The buyer has the opportunity to make amendments and send it back to the seller for consideration. This process continues until both parties are satisfied with the terms of the contract.

DDP – Delivered Duty Paid to the named Destination (which can be customer's works) e.g. DDP New York. All delivery charges and duties to the named destination are paid by the exporter.

EXW – Ex-Works, The buyer pays all costs of transport from pickup at the suppliers premises. e.g. EXW Hong Kong.

FAS – Free Alongside Ship, The supplier pays costs only to the port of loading. Loading and shipment are responsibility of the Buyer. However the supplier must clear the goods for export. e.g. FAS Los Angeles.

FOB – Free on Board, This means that the supplier pays only to the point where the goods are loaded on board the carrying vessel. The seller must clear the goods for export. As soon as the goods are over the ship's rail they become the responsibility of the buyer. e.g. FOB London.

FCA - Free Carrier, The supplier must deliver the goods, cleared for export, to the carrier nominated by the buyer at the named place.

FCL – Full Container Load, The goods fill a container, no other purchaser's goods will share the container. Often suppliers will not supply less than one full container.

FCO – Full Corporate Offer. Issued by the seller after the preliminary stages of negotiation are complete, such as a letter of intent having been issued by the buyer, and a soft probe having been conducted on their accounts by the seller. A full corporate offer is a document which outlines the conditions of the sale.

ICPO – Irrevocable Corporate Purchase Order. This is a document drawn up by commercial buyers, and contains the quantities and type of commodity required, and other conditions that the buyer would like the sale to proceed under. Once submitted to the seller, this is deemed to be binding and the corporation is obliged to complete the sale.

L/C or LOC – Letter of Credit, Letter of Credit is a document issued from the buyer's bank to the seller which guarantee payment to the beneficiary of the letter of credit (the seller), as long as the terms and conditions set out in the letter of credit are met. L/C are almost always irrevocable, can be transferable, and subject to terms (e.g. on SIGHT, 30 days, 60 days, 180 days, etc.).

CL/C (Confirmed Letter of Credit) A letter of credit, issued by a foreign bank, with validity confirmed by a first class (usually US or European) bank. A seller with CL/C terms is assured of payment even if the foreign buyer or the foreign bank defaults.

LOI – Letter of Intent, Letter of Intent is a document issued from the Buyer to the Seller which indicates that the Buyer would like to enter into negotiations with the Seller in the hope of purchasing commodity. The letter of intent is not legally binding, but it does provide a starting point for negotiations.

RWA – Ready, Willing and Able, This is a document which is issued by the Buyer's bank. The bank confirms that their client has the sufficient funds in their possession and is ready, willing and able to engage in the contract.