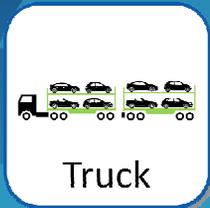




ECG Standard Shipping Terms



Version 1, September 2011

This document has been prepared by the ECG Maritime & Ports Commission and it is also available on the ECG website (www.ecgassociation.eu)

The ECG Maritime & Ports Commission was created at the beginning of 2008 as a separate working group within ECG. It is composed of ECG member companies active in the maritime sector, and it aims to be a platform for discussion open to all actors of the sector (shipping lines, terminal operators, port authorities, OEMs, other associations such as ECSA).

The objective of the group is to focus on issues that are specific to this area of operation and jointly identify non-commercial activities that would benefit ECG members, and the industry as a whole, in terms of efficiency.

Its strategic objectives are:

- Raise awareness of specific issues in the Ro-Ro sector among the OEMs and the public authorities at all levels.
- Co-ordinate the ECG Maritime & Ports Commission's lobbying and standard setting activities with those of ECSA and other associations to make sure that the sector speaks with one voice.
- Function as a platform where common concerns can be addressed and then brought forward to the relevant parties as a common stand of the membership body.

'Bill of Lading' is a document issued by the carrier to the shipper, signed by the captain, agent or owner of a vessel, providing written evidence regarding receipt of the goods (cargo), the conditions on which transportation is made (contract of carriage), the conditions of the goods and the engagement to deliver the goods at the prescribed port of destination to the lawful holder of the bill of lading. It is, therefore, both a receipt for merchandise and a contract to deliver it as freight. An inland bill of lading (a waybill on rail or the "pro forma" bill of lading in trucking) is used to document the transportation of the goods between the port and the point of origin or destination. A waybill can also be used for ocean transportation.

'Break Bulk Cargo' is conventional, uncontainerised cargo that is shipped in units of one (such as uncontainerised machinery or trucks) or shipped in units or packages (such as palletised or boxed cargo).

'Bunker adjustment factor (BAF)' is a freight charge adjustment that takes into account the fluctuation of the bunker (fuel) prices during the contract period.

'Carrier' is any person or company who, in a contract of carriage, undertakes to perform or to procure the performance of transport by rail, road, air, sea, inland waterways or by combinations of such modes.

'Consignee' is the company or person named in a freight contract to whom the goods have been shipped, as stated on the Bill of Lading.

'Contract of Carriage' is a binding agreement (evidenced usually by a bill of lading) which contains conditions of carriage that spell out the obligations and rights of a carrier and a shipper. The carrier undertakes to deliver goods from a named place of departure to a named destination, in consideration for a freight charge. This contract addresses issues associated specifically with what is being carried, and how the liability and compensation for damage or loss of the goods is assessed, apportioned, and paid.

'Currency adjustment factor (CAF)' is a freight charge adjustment used by an international Carrier to offset foreign currency fluctuations.

'Cut-off time' is the time within which the Shipper must deliver the goods to the Carrier in the port of loading. It must be an exact point in time (date/ time).

'Emergency fuel adjustment factor (EFAF)' is a freight charge adjustment that takes into account the fluctuation of the fuel prices where no BAF is present in the contract of carriage, or where the BAF does not adequately cover the additional bunker costs.

'Fairway dues' are taxes collected by the State to cover costs it incurs from the construction, maintenance and care of public fairways used for navigation, and safety devices required by waterborne traffic, and from assistance provided by icebreakers.

'First point of rest (FPR)' is the first official stop after the Carrier unloads the goods and hands over the custody/responsibility of the goods to the consignee.

'Freight' is the term for all merchandise, goods, products or commodities shipped by rail, air, road or water, other than baggage, express mail or regular mail.

'Freight Charge' is the charge assessed for transporting freight.

'High and Heavy cargo (H&H)' is the term for self-propelled cargo (excluding passenger cars and LCV) and agricultural/industrial trailers. Self-propelled cargo includes: commercial and passenger vehicles with a Gross Vehicle Weight of above 3.5 tonnes and agricultural/industrial/construction vehicles.

'Incoterms' rules are an internationally recognised standard and are used worldwide in international and domestic contracts for the sale of goods. They provide definitions and rules of interpretation for most common commercial terms. The latest version was published in 2010. These rules have nothing to do with the shipping terms, but are purely related to the sale of goods.

Common Incoterms used in the logistics sector are: FAS (Free Alongside) and FOB (Free On Board).

'Inland bill of lading' is the Bill of Lading for transport over land and/or inland waterways, on the way to the point where the goods will be put aboard a ship and a normal (carrier's) Bill of Lading will be issued.

'International Ship and Port Facility Security (ISPS) Code' is an amendment to the Safety of Life at Sea (SOLAS) Convention (1974/1988) on minimum security arrangements for ships, ports and government agencies. Having come into force in 2004, it prescribes responsibilities to governments, shipping companies, shipboard personnel, and port/facility personnel to "detect security threats and take preventative measures against security incidents affecting ships or port facilities used in international trade".

'Last point of rest (LPR)' is the last official stop before the Carrier takes custody/responsibility of the goods.

'Lead time' is the time that elapses from the goods arrival at the port of loading up until they arrive and are ready for the consignee to pick up in the port of discharge.

'Light Commercial Vehicle (LCV)' is the term for commercial vehicles with a gross vehicle weight (GVW) of up to 3.5 tonnes.

'Light dues' are taxes paid by ships entering UK ports to cover the cost of lighthouses, beacons and other navigational aids in the UK and Republic of Ireland waters. Such taxes are not applied in most European Union member states.

'Passenger Car (PC)' is a road motor vehicle, other than a motorcycle, intended for the carriage of passengers and designed to seat no more than nine persons (including the driver).

'Privately Owned Vehicle (POV)' is any vehicle that is primarily designed to transport passengers, not cargo or freight, and owned by an individual and not a company.

'Sailing frequency' is the frequency of departures from a port per day/week/month, etc.

'Shipper' is the company or person who ships cargo to the consignee.

'Shunting' is the act of moving the cargo (vehicles) within the terminal/port or from one terminal to another in the same port on its own wheels.

'Survey' is the inspection of the goods made by a surveyor.

'Transit time' is the time that elapses from the vessel's departure from the port of loading until it arrives at the port of discharge.

'Waybill' is the official shipping document that travels with the shipment, identifies its consignor, consignee, origin and destination, describes the goods, and shows their weight and freight charges. Unlike the Original Bill of Lading, the waybill is not a document of title to the goods.

SHIPPING TERMS

Liner terms gate

The Carrier is responsible for the goods from when they arrive at the terminal gate at the loading port until they depart/exit the gate at the discharging port.

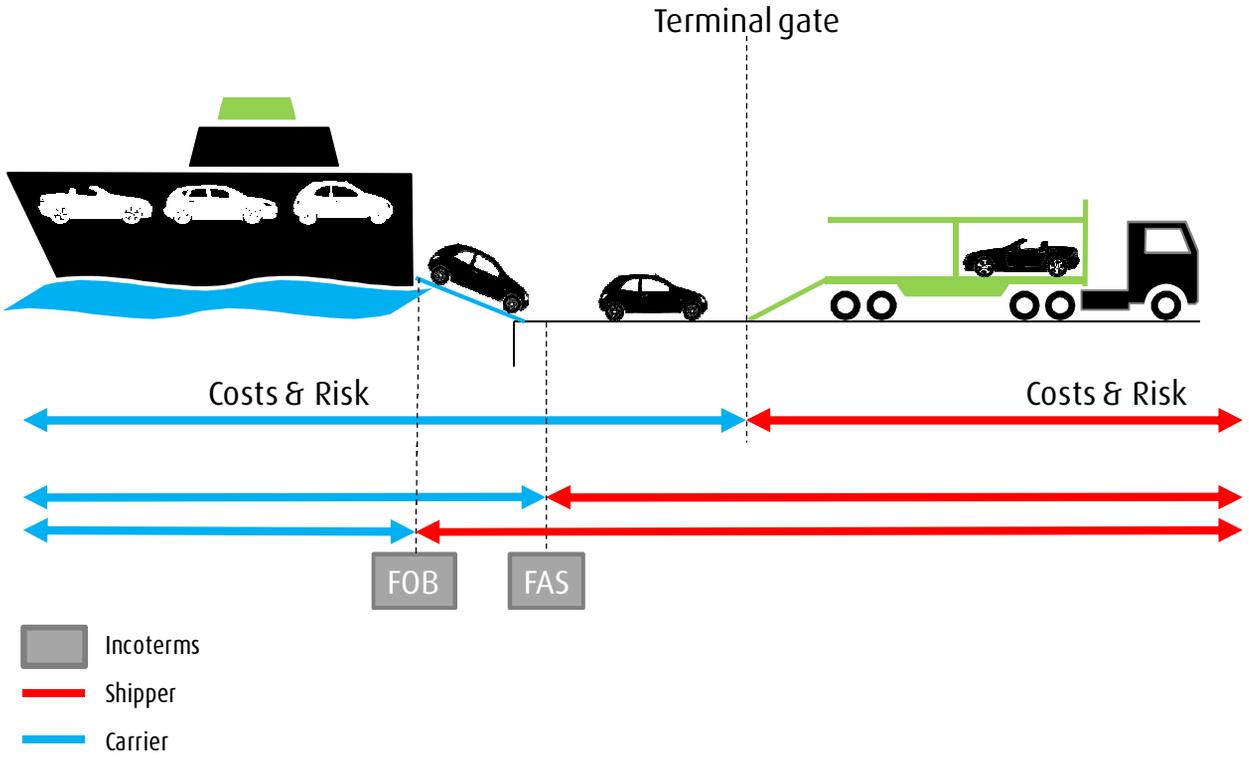
The Carrier will cover all costs associated with the cargo – reception charges, wharfage, shunting, stevedoring, lashing and ocean freight.

The Carrier has responsibility for the cargo from gate to gate.

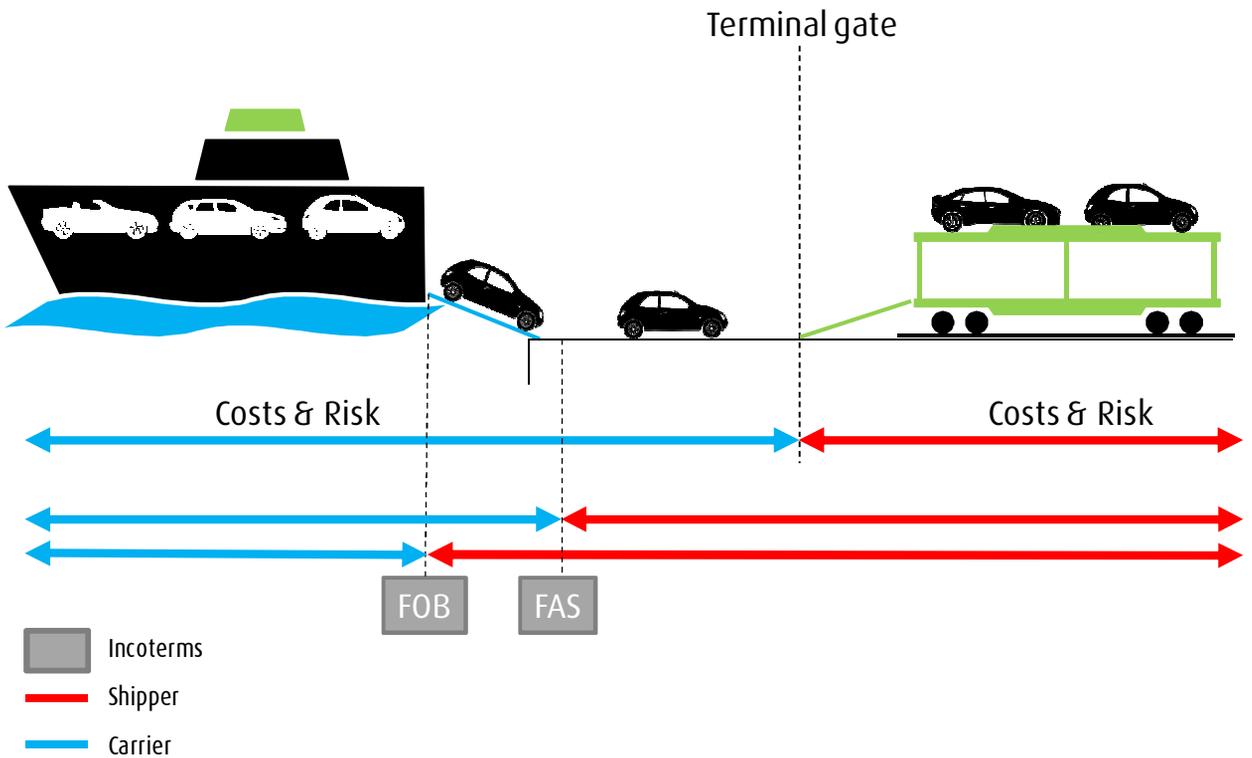
Important: it is strongly suggested to clearly define the terms of storage in the contract between Carrier and Shipper. It is also recommended to agree on the location for the survey of the vehicles.

Note: Usually, these terms are referred to as "liner in" at the loading port and "liner out" at the discharging port. They can also be associated with different terms related to loading and unloading operations, e.g. "liner in/free out" or "free in/liner out"

Liner terms gate (unloading, truck)



Liner terms gate (unloading, rail)



Liner terms ship side

- Cargo is carried from LPR (last point of rest) to FPR (first point of rest)
- The Carrier will cover stevedoring, lashing and ocean freight
- Port/tonnage costs charged by port authorities shall be included in the ocean freight – and hence covered by the Carrier
- All reception charges, wharfage and terminal handling are covered by the Shipper, and charged directly by the terminal to the Shipper at the port of loading and either to the consignee at the port of discharge or to the Shipper.
- The Carrier shall only have responsibility for the cargo between LPR and FPR

Important: It is also recommended to agree (between Carrier and Shipper) on the location for the survey of the vehicles.

Note: Liner terms ship side are sometimes referred to as “Free Alongside (FAS)”. However, this is not a correct shipping term, as this is related to the sale of the goods (Incoterms) and not transportation. See diagrams for clarification of the difference.

The location of LPR and FPR need to be clearly identified and agreed upon by both Carrier and Shipper. It is important to note that LPR and FPR can be very different depending on the port and terminal. There is no "standard" definition of "point of rest". Figure 1 and 2 illustrate how the distances, and therefore the prices, can be different between the storage place and the vessel.

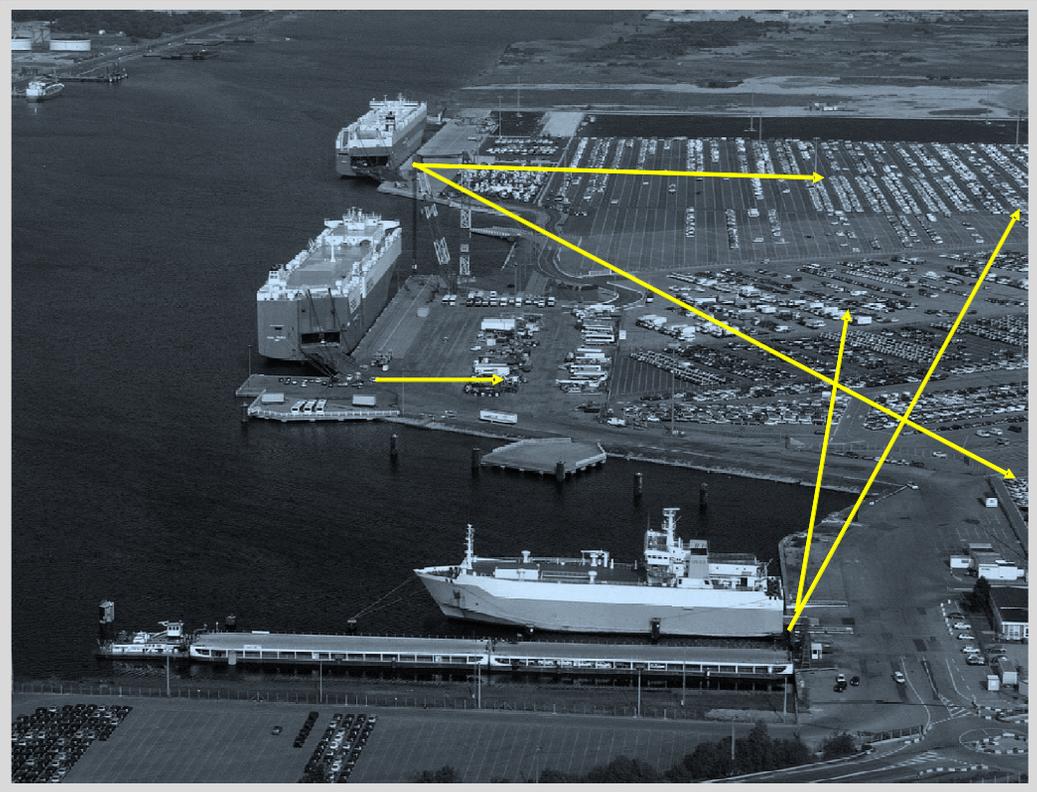


Figure 1

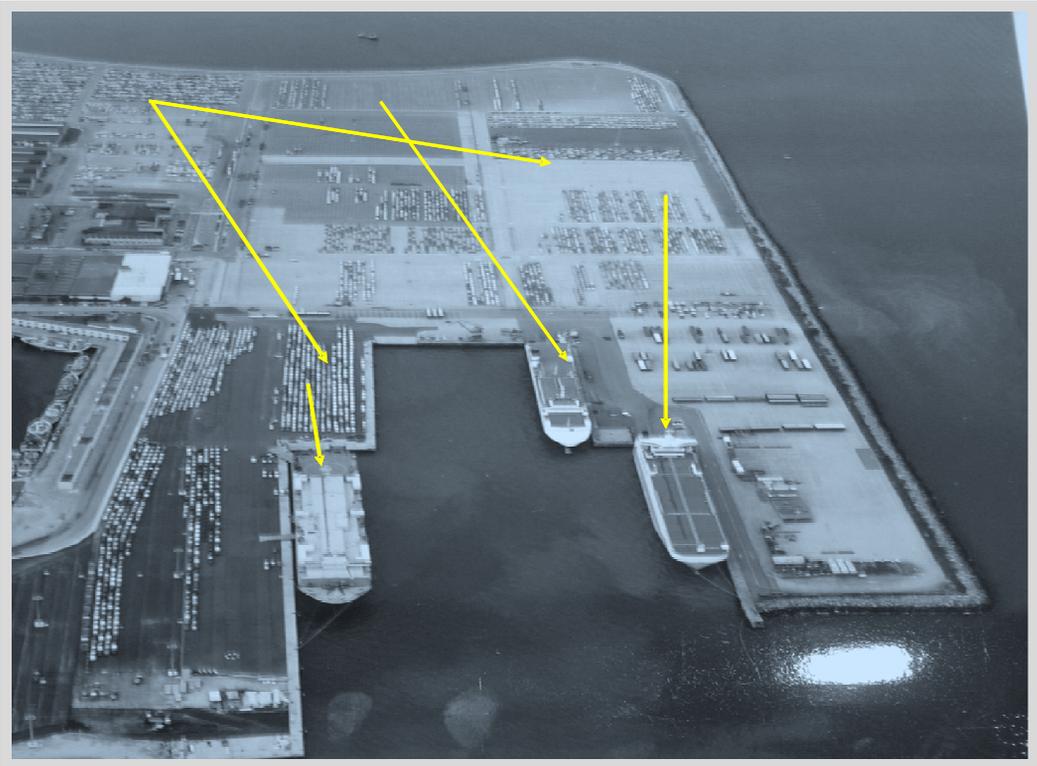
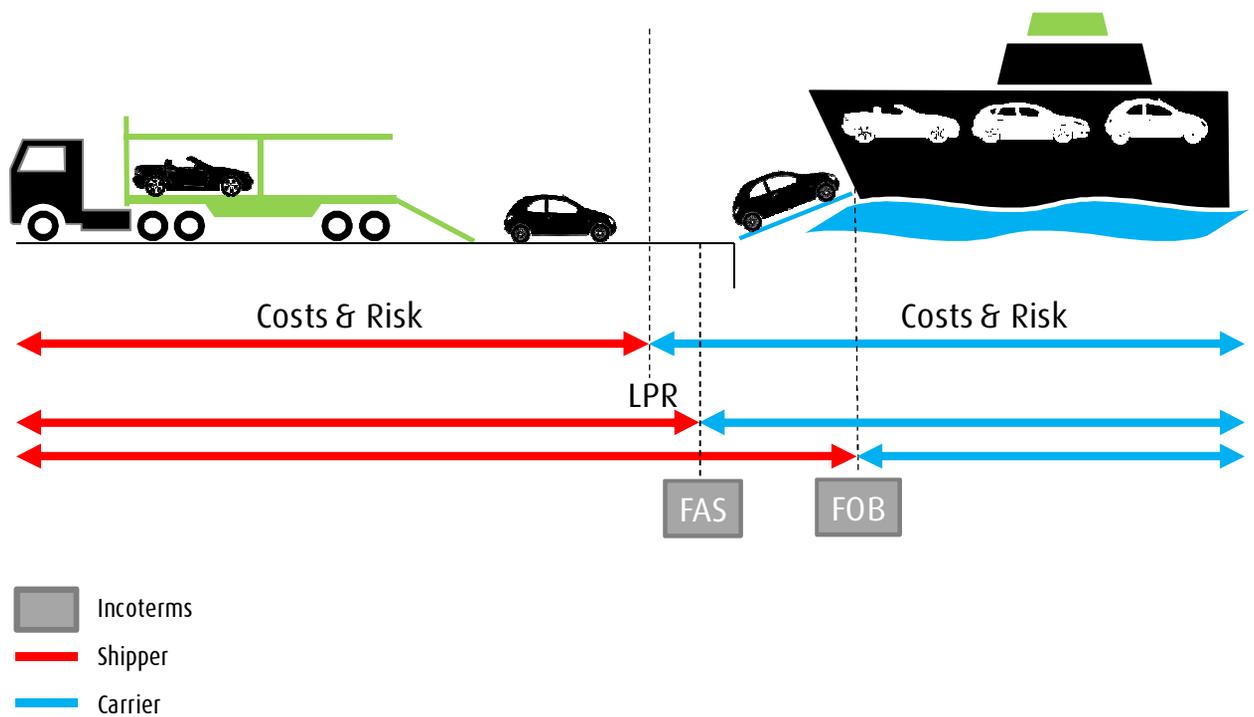
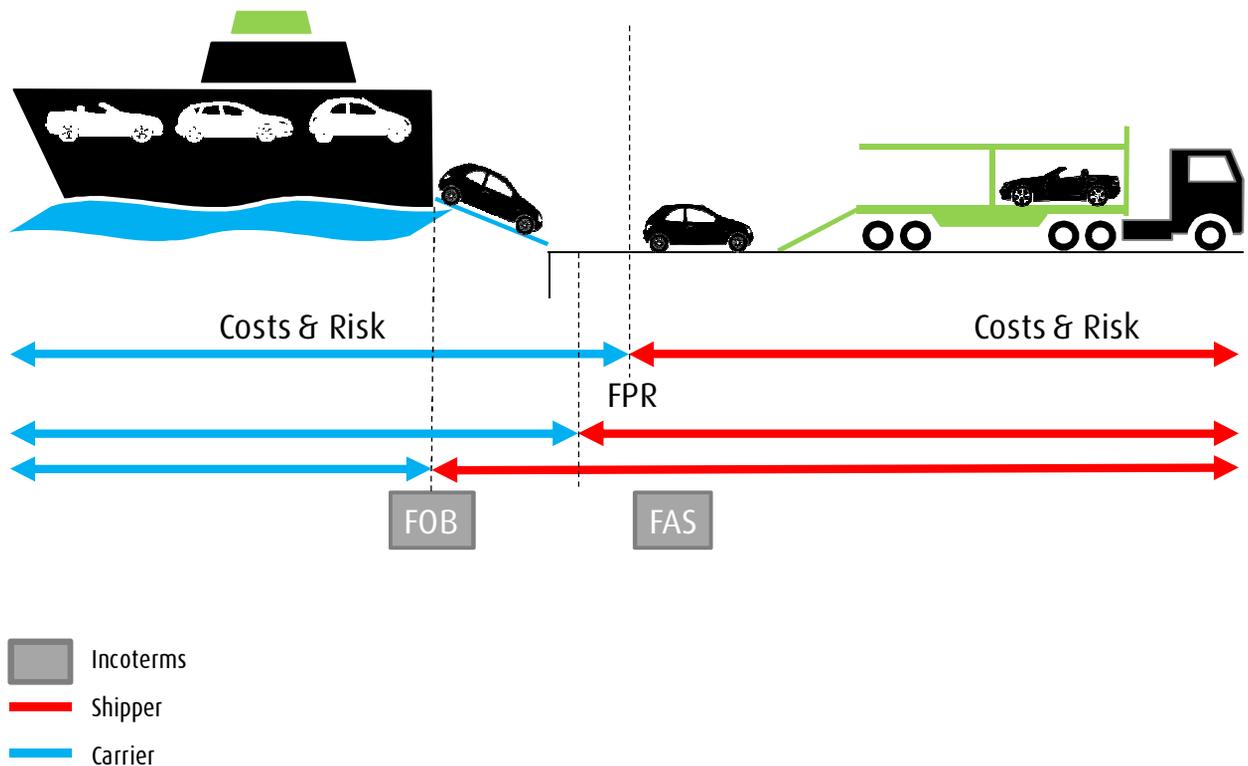


Figure 2

Liner terms ship side (loading)



Liner terms ship side (unloading)



Free In and Out (FIO) term

- Cost of loading and unloading of a vessel is borne by the shipper/consignee.

Free On Rail or Free On Truck (FOR/FOT) term

- The Shipper will deliver the goods at a named loading point.
- The Carrier will receive the goods at a named loading point and load on a railroad car.

Free off rail (or free off truck) term

- The Carrier will unload the goods from a railroad car and deliver them at a named unloading point.
- The Shipper will receive the goods at a named unloading point.

Free on barge term

- The Shipper will deliver the goods at a named loading point.
- The Carrier will receive the goods at a named loading point and load on a barge.

Free off barge term

- The Carrier will unload the goods from a barge and deliver them at a named unloading point.
- The Shipper will receive the goods at a named unloading point.

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