

# TERMINOLOGY OF INTERNATIONAL BUSINESS

**BCL** (Bank Capability Letter) - a letter from the bank confirming the solvency of the buyer and the bank's ability to issue a letter of credit.

Buyer - (from English) the buyer.

**CAD** (Cash Against Document) - condition of payment for which the goods are sent to the buyer, and documents or their part is transferred through the seller's bank to the buyer's bank. As soon as the buyer pays for the goods, the bank issues the necessary transport documents for the goods.

**CFR** - the conditions under which the seller delivers when the goods pass through ship's rail in the port of shipment. The seller must pay the costs and freight, necessary for the delivery of goods to the named port of destination, however, the risk of loss or damage to the goods, as well as any additional costs that arise after the shipment of goods, pass from the seller to the buyer. Under the terms of the CFR term the seller is responsible for customs clearance of the goods for export. The term can only be used for the transport of goods by sea or inland waterway. If the parties are not going to deliver the goods through the ship's rail, apply the term CPT.

**CIF** - conditions under which the seller delivers when the goods pass through ship's rail in the port of shipment. The seller must pay the costs and freight, necessary for the delivery of goods to the specified port of destination, but the risk of loss or damage to the goods, as well as any additional costs that arise after shipment of goods, pass from the seller to the buyer. However, under the terms of the CIF term, the seller also has the obligation to purchase marine insurance in favor of the buyer against the risk of loss and damage to the goods during transport. Consequently, the seller must conclude an insurance contract and pay insurance contributions. The buyer must take into account that, under the terms of the CIF term, the seller is required to provide insurance only with minimal coverage. If the buyer wants to have insurance with a large coverage, he must either specifically agree on this with the seller, or take action to conclude additional insurance.

**CIP** - terms of delivery, under which the seller delivers the goods named to them to the carrier. In addition, the seller is obliged to pay the costs associated with transportation of goods to the named destination. This means that the buyer takes care of everything risks and any additional costs after the delivery of the goods in this way. But, under the terms of CIP, the seller also has an obligation to provide insurance from risks of loss and damage to the goods during transportation in favor of the buyer. Consequently, the seller enters into an insurance contract and pays insurance premiums. The buyer must bear in mind that, under the terms of the CIP term the seller requires insurance with minimal coverage.

**COD** (Cash on Delivery) - terms of payment, under which payment is made at receipt (cash on delivery). Used when selling goods inside the country.

**Confirmed LC, DLC** (Letter of Credit) - terms of payment. Confirmed letter of credit. Guarantees the payment of a letter of credit even if the buyer does not pay by the bank. For this a special guarantor bank is used.

**CPT** - terms of delivery, under which the seller delivers the goods named to the carrier. In addition, the seller is obliged to pay the costs associated with transportation of goods to the named destination. This means that the buyer takes care of everything

risks of loss or damage to the goods, like other costs after the transfer of goods to the carrier

**CWO** (Cash with Order) - terms of payment. Prepayment. Used when selling goods inside the country.

**D / A** (Documents against acceptance) - terms of payment under which the transfer of rights to property occurs after receipt of the check for payment. Dangerous for the seller, since

the buyer receives the goods, provided that he pays the check after a certain period of time.

**DAT** - conditions under which the seller delivers when the goods unloaded from the arrived vehicle, is at the disposal of the buyer in an agreed terminal in a named port or destination.

**DAP** - conditions under which the seller delivers when the goods are provided in order of the buyer on the arrived vehicle, ready for unloading, in agreed destination. The seller bears all risks associated with the delivery of goods in the named place.

**DDP** - terms of delivery, under which the seller will provide the customs clearing and unloaded goods from the arrived vehicle at the disposal of at the named place of destination. The seller must bear all costs and risks, Related to the transport of goods, including (where applicable) any fees for imports into the country of destination (the word "fees" means liability and risks for customs clearance, as well as for payment of customs formalities, customs duties, taxes and other charges). While the term **EXW** imposes minimal obligations on the seller, the term DDP implies maximum obligations of the seller.

Draft - a preliminary agreement describing all agreed issues in the transaction.

**EXW** - conditions under which the seller is deemed to have fulfilled his obligations under the delivery, when he will place the goods at the disposal of the buyer at his enterprise or in another named place (for example: at the factory, factory, warehouse, etc.). The seller does not is responsible for loading the goods on the vehicle, as well as for customs clearance goods for export.

**FAS** - conditions under which the seller delivers when the goods are placed along the Ship's side on the berth or on the lighter at the named port of shipment. This means that with This point all costs and risks of loss or damage to the goods must be borne by the buyer. Under the terms of the FAS term, the seller is liable for customs clearance of goods for export.

**FCA** - terms of delivery under which the seller delivers the customs clearing the goods specified by the buyer to the carrier to the named place. Should note that the choice of the delivery location will affect the obligations for loading and unloading goods in this place. If the delivery is carried out at the seller's premises, then the seller is responsible for the shipment. If the delivery is to another place, the seller for the shipment of the goods is not responsible. This term can be Used for transportation by any mode of transport, including mixed transport.

**FCO** (Full Corporate Offer), Firm (binding) offer - irrevocable offer, with which the supplier undertakes to deliver the goods on the terms specified in the offer. The supplier has no right to change any of the conditions. The proposal usually has specified period of validity.

**FOB** - delivery conditions under which the seller delivers when the goods have passed through the ship's rail in the named port of shipment. This means that from now on all

costs and risks of loss or damage to the goods must be borne by the buyer. According to the conditions

term FOB, the seller is responsible for customs clearance of goods for export. This term can only be used for the transport of goods by sea or by inland waterway transport. If the parties are not going to deliver the goods through ship's rail, the term FCA should be used.

Gross - (with English) gross

**HP** (Hire Purchase) - terms of payment with payment by installments. Used for sale goods within the country.

**ICPO** - irrevocable confirmed trade order. Document issued buyer in the name of the seller, which confirms the absolute intention of the buyer

to acquire the resource specified by this seller on the conditions described.

**IMFPA** - irrevocable agreement on the protection of fees ( Confirmation Agreement commission). Often combined with NCNDA.

Inquiry / Inquiry - request information by the buyer. The buyer is not obligated by this document to purchase the goods from this supplier.

**IRDLC** (Irrevocable Letter of Credit) - terms of payment. Unrevocable renewable documentary credit. The Revocable (revocable) letter of credit is applied, as it can be changed or canceled without the consent of the seller.

**LC, DLC** (Letter of Credit) - terms of payment. Documentary letter of credit. Most a common way of payment in international trade. Based on mutual relations and mutual guarantees of banks of the seller and the buyer.

**LOI** (Letter Of Intent) - letter of intent. Document signing means the buyer's consent to purchase the agreed goods on the agreed terms in the LOI. Means the beginning of the process of signing the contract on the specified terms.

**NCNDA** (Non-Circumvention and Non-Disclosure Agreement) - agreement on non-disclosure and non-disclosure of information .

Net - (with English) free, clean.

Open-account terms - payment terms. Credit line. Payment is made once a month or quarter on the total bill. Used when selling goods inside the country.

Order is a confirmed order. The buyer can not refuse the ordered goods.

The last stage before the conclusion of the contract.

Payment on invoice - conditions of payment after receipt of the goods. Used for sale of goods within the country.

**POF** - a document confirming the availability of resources from the seller. This document is transmitted the buyer.

**POP** - confirmation of the goods documentation. A document confirming the availability of the resource

from the supplier. This document is issued by the seller's bank and sent to the bank the buyer.

Quotation, Offer - a soft offer. The supplier makes an offer to the buyer, at which he has the right to agree, to refuse or to negotiate more advantageous for himself conditions. Does not oblige the supplier to keep the goods in stock or to restrain prices up to a certain period, unless otherwise agreed in the offer.

Seller - (from English) seller.

**Soft Offer** - (from English) a soft offer. In this case it is a document from the seller with offer to purchase a resource. It contains all the data on what is offered and on what terms.

**Soft Probe** - check by the supplier of the buyer for solvency, through ascertaining the presence of the legal entity of the buyer, as well as his account in the designated bank.

**TT advance** - terms of payment. Prepayment.

Discount - (with English) discount.

Mandate is the authorized representative of the seller or buyer or his representative. Last agent in the chain that receives the commission and who communicates with the buyer or with the seller directly.

Reference - a document from the buyer's bank, confirming its solvency, or the willingness of the bank to pay the order. Analog BCL.

Free discount - data about what commission, intended intermediaries, are still free.