

# Glossary of Terms

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- bare-boat charter:** A charter agreement which stipulates that the charter provides for all operating expenses including crew, fuel, maintenance, etc.
- bilateral/-ism:** Government-to-government agreements between two trading nations where cargo shares are allocated to the ships of those nations under some fixed ratio.
- blended credit:** This program offers a “blend” or combination of two types of credit to a nation purchasing U.S. agricultural exports—one type being direct interest-free loans from the Commodity Credit Corporation and the other being commercial loan guarantees.
- bulk:** Cargoes that are shipped unpackaged either dry, such as grain and ore, or liquid, such as petroleum products. Bulk service generally is not provided on a regularly scheduled basis, but rather as needed, on specialized ships transporting a specific commodity.
- Capital Construction Fund (CCF):** A tax benefit for operators of U.S.-built, U.S.-flag ships in the U.S. foreign, Great Lakes, or noncontiguous domestic trades, by which taxes may be deferred on income deposited in a fund to be used for the replacement of vessels.
- cargo preference:** Reserving some portion of a nation’s imports and exports for their own flag vessels.
- carriers:** Owners or operators of vessels providing transportation to shippers. The term is also used to refer to the vessels.
- conference:** An international group of ocean carriers serving common trade routes that collectively agree on rates and service.
- construction differential subsidy (CDS):** A direct subsidy that was, in the past, paid to U.S. shipyards building U.S.-flag ships to offset high construction costs in American shipyards. An amount of subsidy (up to 50 percent) is determined by estimates of construction cost differentials between U.S. and foreign yards.
- containership:** A vessel designed to carry standard containers enabling efficient loading, unloading, and transport to and from the vessel.
- cost, insurance, and freight (c.i.f.):** Export term in which the price quoted by the exporter includes the costs of ocean transportation to the port of destination and insurance coverage.
- cross-trades:** Foreign-to-foreign trade carried by ships from a nation other than the two trading nations.
- deadweight tonnage (dwt):** The total lifting capacity of a ship, expressed in long tons of 2,240 pounds. It is the difference between the displacement light and the displacement loaded.
- essential trade routes:** Regulations requiring that the operator who receives subsidy payments maintain certain sailings on routes that are defined as essential to U.S. trade.
- Export-Import Bank (ExIm Bank):** A Federal agency that aids in financing exports of U.S. goods and services through direct loans, loan guarantees, and insurance.
- fighting ships:** A term used in the liner trade to describe ships hired by conferences to operate in competition with independent operators outside the conference, with the intention of forcing those independents out of business.
- flags of convenience:** Sometimes referred to as flags of necessity; denotes registration of vessels in foreign nations that offer favorable tax structures and regulations.
- flag of registry:** The flag representing the nation under whose jurisdiction a ship is registered. Ships are always registered under the laws of one nation but are not always required to establish their home location in that country.
- flat racks:** Portable platforms that are designed to be installed on containerships, in order to convert those ships to carry a variety of military cargo other than containers.
- free on board (f.o.b.):** Export term in which the price quoted by the exporter does not include the costs of ocean transportation, but does include loading on board the vessel.
- general cargo:** Any of a variety of manufactured goods or raw materials in nonuniform packages.
- Government-impelled:** Cargo owned by or subsidized by the Federal Government.

- independent action:** The right of a conference member to offer rates and services other than those set by the conference.
- intermodalism:** The concept of transportation as a door-to-door service rather than port-to-port. Thus, efficiency is enhanced by having a single carrier coordinating the movement and documentation among different modes of transportation.
- International Marine Organization (IMO):** Formerly known as the Inter-Government Maritime Consultative Organization (IMCO), was established in 1958 through the United Nations to coordinate international maritime safety and related practices.
- Jones Act:** Merchant Marine Act of 1920, section 27, requiring that all U.S. domestic waterborne trade be carried by U.S.-flag, U.S.-built, and U.S.-manned vessels.
- liner service:** Vessels operating on fixed itineraries or regular schedules and established rates available to all shippers.
- minimum/maximum sailing:** Regulations requiring that the operator who receives subsidy payments maintain certain sailings on routes that are defined as essential to U.S. trade.
- multilateral/-ism:** Cargo sharing agreements among a number of nations, with the goal of allocating some or all of the cargo imported and exported from those nations to be carried by the merchant fleets of those nations.
- neobulk:** Shipments consisting entirely on units of a single commodity, such as cars, lumber, or scrap metal.
- open registry:** A term used in place of “flag of convenience” or “flag of necessity” to denote registry in a country which offers favorable tax, regulatory, and other incentives to ship owners from other nations.
- operating differential subsidy (ODS):** A direct subsidy paid to U.S.-flag operators to offset the high operating costs of U.S.-flag ships when compared to foreign-flag counterparts.
- roll-on/roll-off (Ro/Ro):** Ships designed to allow trucks or other vehicles to drive on with trailers of cargo.
- sea sheds:** Portable containers designed to fit on standard containerships and to carry special military cargo.
- shipper’s council:** An organization of shippers formed to collectively negotiate rates and services with the conferences of ship operators.
- shippers:** Individuals or businesses who purchase transportation services for their goods or commodities.
- Title I and II:** Food assistance programs established by Public Law 83-480 in 1954 and subject to a 50-percent U.S.-flag carrier preference. Title I (concessionary sales) is administered by USDA; Title II (gifts of food) by AID.
- Title XI:** A ship-financing guarantee program, originally established by the Merchant Marine Act of 1936, under which the Government guarantees up to 75 percent of the construction cost of vessels built with CDS or up to 87.5 percent of the construction cost of nonsubsidized vessels.
- unilateral/-ism:** Policies by which a single nation reserves certain cargoes to be carried exclusively by its own merchant fleet.
- U.S. effective controlled fleet (USEC):** That fleet of merchant ships owned by U.S. citizens or corporations and registered under flags of “convenience” or “necessity,” such as Liberia or Panama. The term is used to emphasize that, while the fleet is not U.S.-flag, it is effectively under U.S. control by virtue of ownership and can be called to serve U.S. interests in time of emergency.