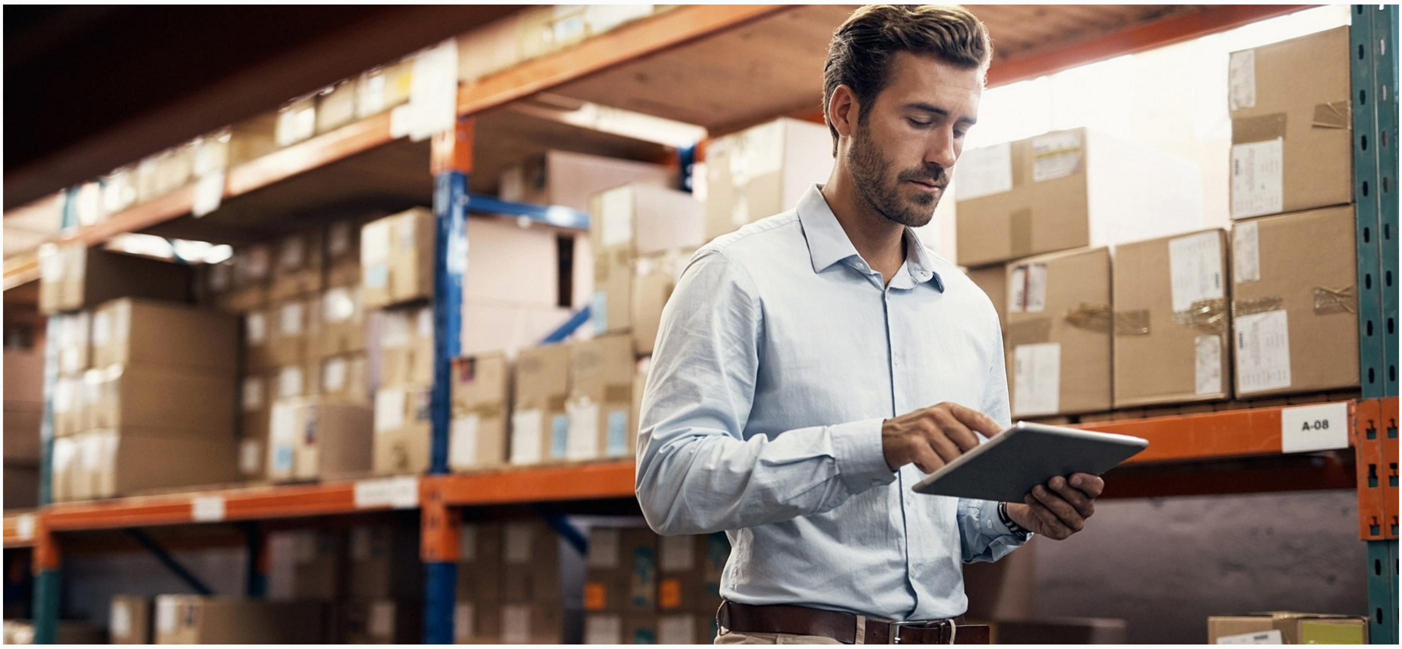
EXPORT PORTAL

FULL DESCRIPTION OF THE SHIPPING METHODS

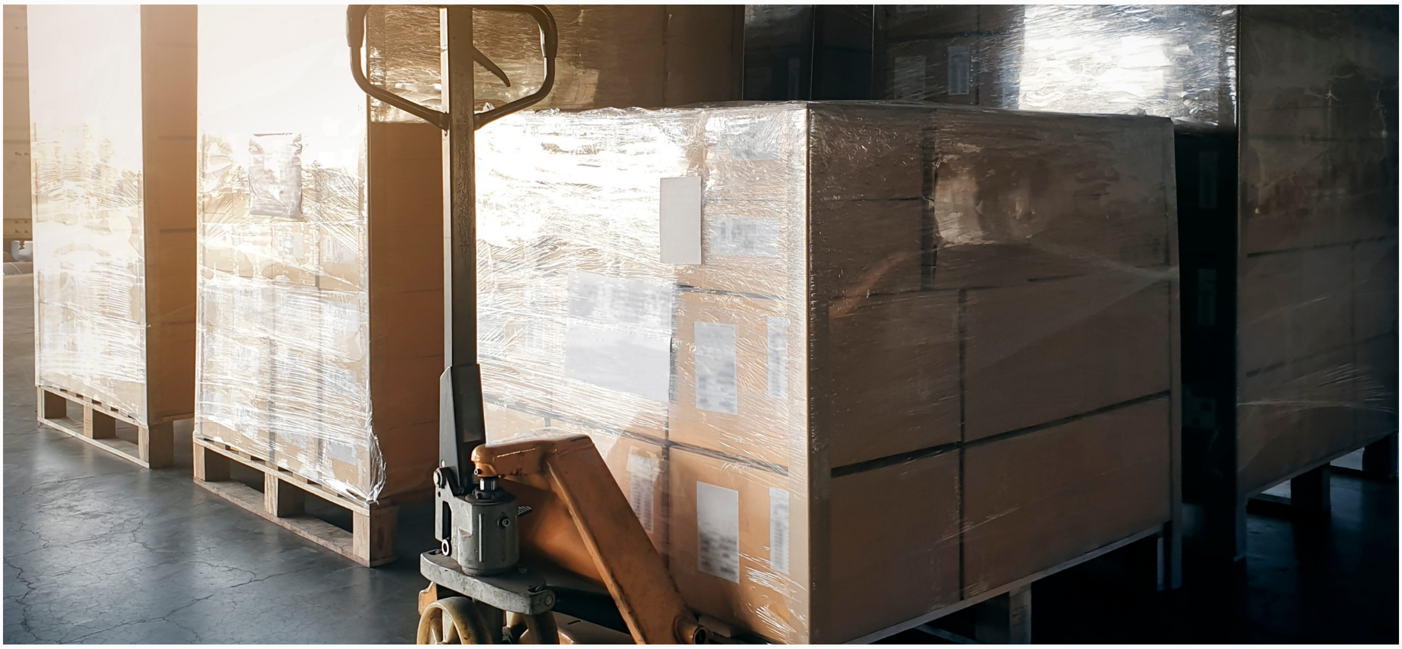


FREE CARRIER (FCA)

For FCA shipments:

- The **seller** delivers the goods to an agreed place and bears the costs and risks up to the point of delivery of those goods at the agreed place, including the cost of export clearance. The seller is responsible for inland transport and export customs clearance unless the designated place is the seller's premises (FCA warehouse), in which case the goods are delivered there and loaded onto the means of transport arranged by the buyer at the buyer's expense.
- The **buyer** bears the costs from loading on board to unloading, including insurance if taken out because they bear the risk when the goods are loaded onto the first means of transport.

New for FCA, with respect to Incoterms 2010, is that in shipping the buyer can ask their carrier to issue a Bill of Lading to the seller specifying "on board" as proof of delivery of the goods, thus facilitating the use of documentary credits. The credit is afforded to the seller by bank guarantee although they are not party to the contract of carriage.



FREIGHT ALL KINDS (FAK)

Freight All Kind (FAK) is employed when different types of products are assembled in one single cargo to be shipped together and labeled as FAK. By doing this, an import-export transaction can be assigned with a single tariff, as it is considered a consolidated cargo. This is a common INCOTERM employed by freight forwarding companies that act as a carrier for multiple different sources and recipients, normally for small size shipments. By consolidating everything in a single cargo, it allows them to provide a standard rate for the shipment and facilitate customs procedures.

Freight rate is applicable to all types of goods and therefore is not restricted to a particular commodity. FAK freight rates are quoted primarily by undercarriers to consolidators (NVOCCs and air freight consolidators) who fill shipping containers with different kinds of cargoes received either from different shippers or for different consignees or both. While the consolidator may charge its clients on a commodity-specific basis, it pays the undercarrier a predetermined FAK rate.

FREE ALONGSIDE SHIP (FAS)

In Incoterms FAS, the seller delivers the goods, placing them alongside the ship named by the buyer at the agreed port of shipment. The export clearance is done by the seller. This Incoterm is only used for certain commodities and materials that are not packed and cannot be individualized, such as grain, timber, minerals, steel products, etc.; delivery is done in those ports that have specialized terminals for this type of products. If the goods are carried in containers, Incoterms FCA should be used when containers are delivered at port terminals but not alongside ships. The export clearance must be done by the seller. Usually, it is necessary to clear the goods before placing them alongside the ship. When using FAS, the buyer is responsible for loading the goods on the ship. For this reason, the buyer must be fully familiar with the practices at the port of shipment in case problems arise. This term can only be used for sea and inland waterway transport.

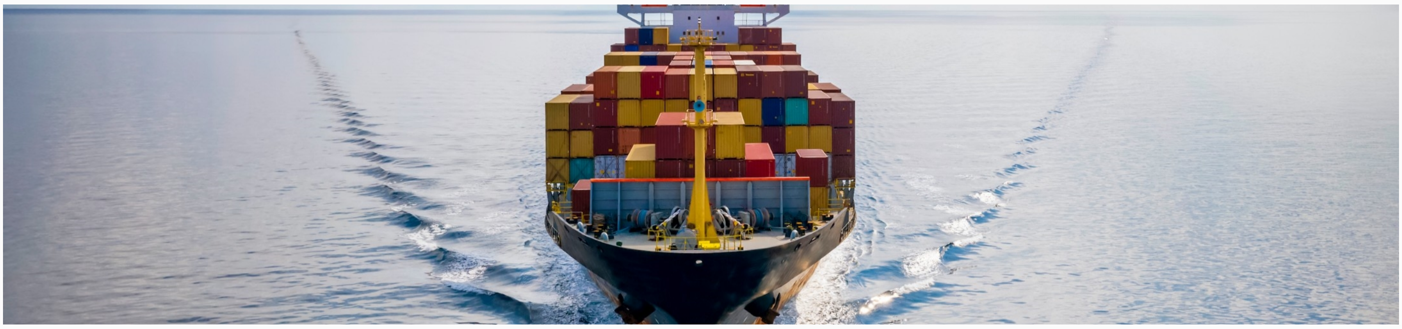
FULL CONTAINER LOAD (FCL)

Full Container Load (FCL) is a shipping method for high-volume cargo in which one party owns all goods being shipped in the ocean container. In this shipping method, all goods are listed on a single bill of lading, although the shipper does not have to fill the entire container.

Full container loads consist of shipments of full 20- or 40-foot containers. All goods in the container are listed on a single Bill of Lading. The conditions for the transport of goods by sea are laid down in the transport agreement, called a Bill of Lading (B/L), and as such are owned by a single party. It does not matter how full the container is. Payment of the sea freight rates is made on the basis of a full container.

When working with FCL, the buyer is renting the whole container space at a fixed rate. Aside from the fixed ocean freight cost, the buyer also needs to consider some additional fixed costs, such as the handling charges and chassis fee.

Shipping lines usually change rates based on the route's demand, similar to commercial air travel, so it's best to check the rates depending on when and where the container is going to be shipped.

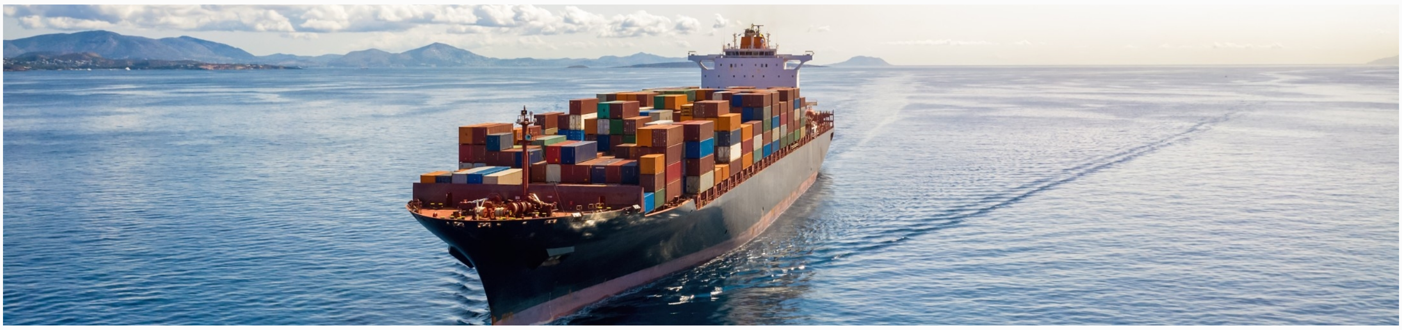


FREE IN (FI)

Free In (FI) - in international freight terminology, the word “Free” means “Not included”. I.e. under FI, the cost of loading goods onto a vessel for international shipment is the responsibility of the shipper.

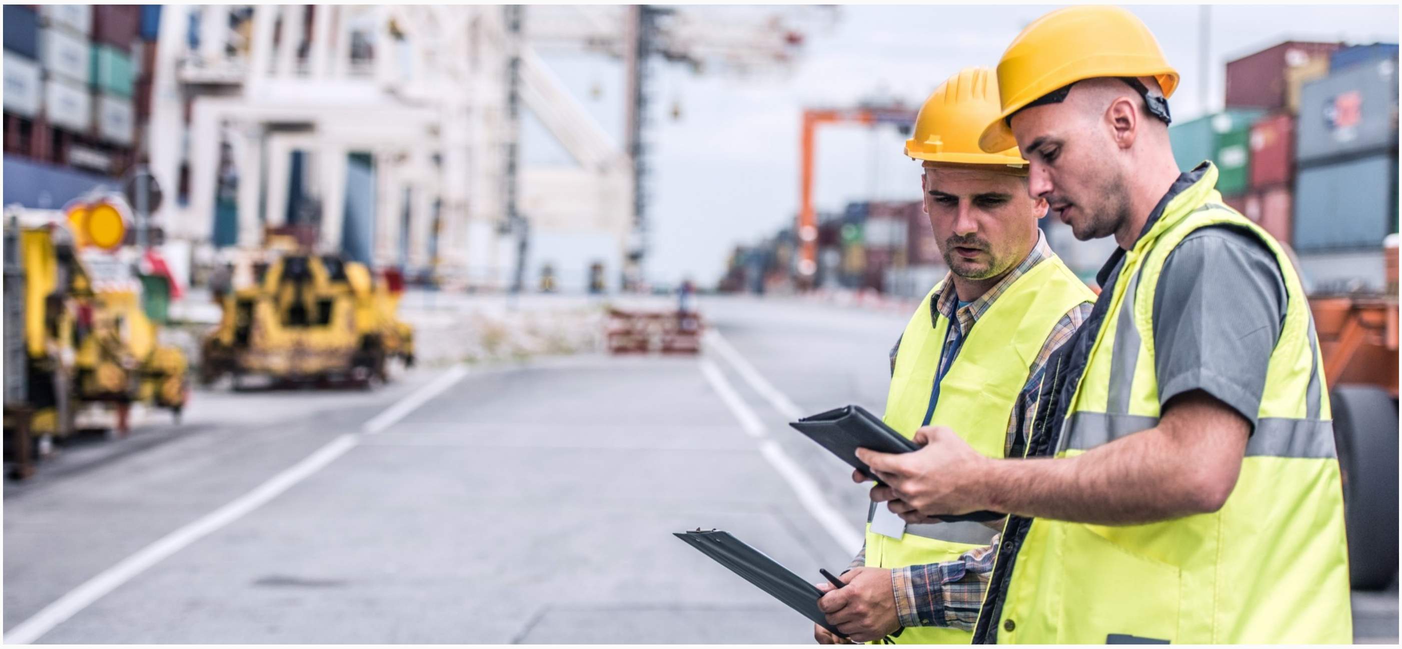
FREE OUT (FO)

Free Out (FO) is the international shipping term in ocean freight that indicates that the consignee (recipient) is responsible for the cost of unloading cargo from the vessel at the destination.



FREE IN AND OUT (FIO)

Free In and Out (FIO) is an international shipping term used in the ocean freight industry that refers to the fact that the carrier is not responsible for the cost of loading and unloading goods onto and off the vessel.



FREE INTO STORE (FIS)

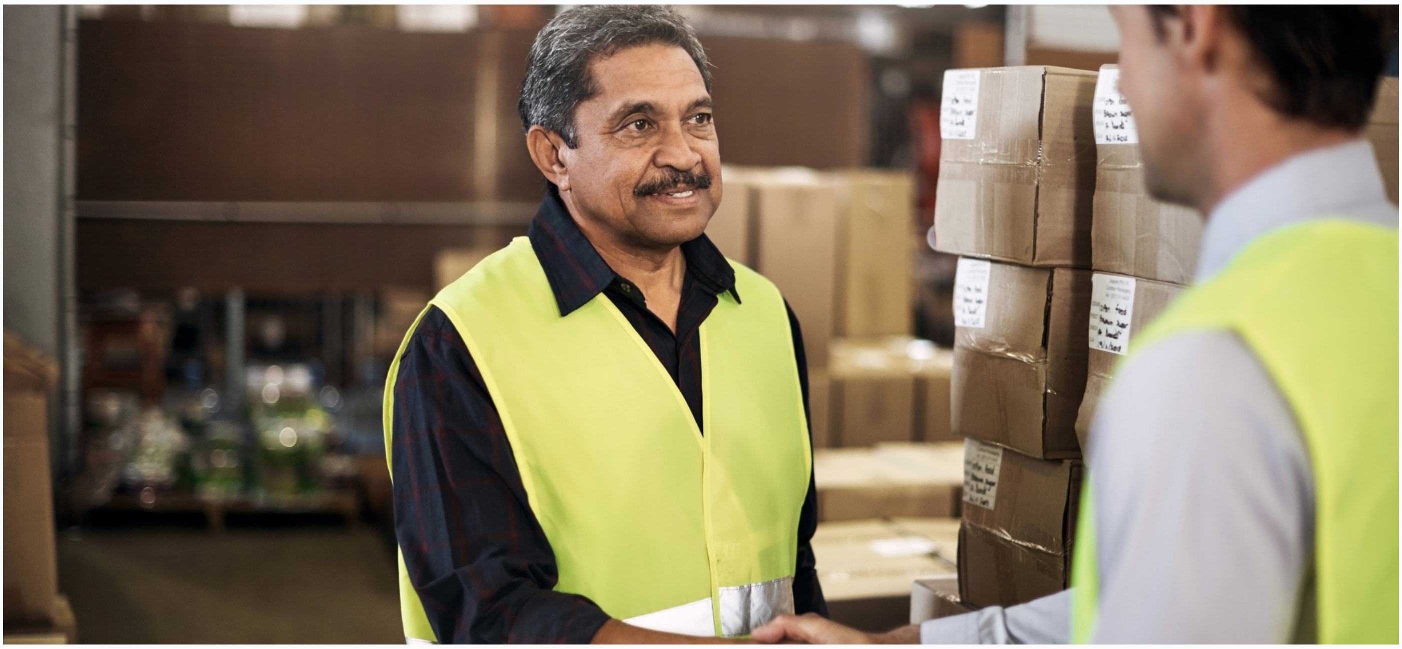
The trade term indicating that the seller's price includes all costs up to delivery to the buyer. This is similar in effect to **DDP (Delivered Duty Paid)**.

DDP - Can be used for any transport mode, or where there is more than one transport mode.

The seller is responsible for arranging carriage and delivering the goods at the named place, cleared for import and all applicable taxes and duties paid (e.g. VAT, GST).

Risk transfers from seller to buyer when the goods are made available to the buyer, ready for unloading from the arriving means of transport.

This rule places the maximum obligation on the seller, and is the only rule that requires the seller to take responsibility for import clearance and payment of taxes and/or import duty.



FREE ON BOARD (FOB)

When shipping on FOB, the seller bears the costs until the goods are loaded onto the ship, at which point the risks are transferred, as well as the responsibility for export clearance and costs at origin. The seller also arranges the transport although the buyer bears the cost.

The buyer is responsible for the cost of freight, unloading, import clearance, and delivery at destination, as well as insurance should they take it out. The transfer of risk occurs when the goods are on board.

This Incoterm is only used for shipping. It should not be used for goods in containers because responsibility is transferred when goods are loaded on board the ship (the goods are in physical contact with the ship’s deck) and containers are not loaded on entering the terminal; therefore, if the goods were to suffer any damage inside the container, it would be very difficult to establish when the damage occurred.

LESS THAN CONTAINER LOAD (LCL)

LCL is a flexible and cost-effective option for transporting smaller, less time-critical shipments between the world's major ports.

This flexible shipping method is suitable for everything from a small parcel to a large shipment. The advantage is that you can get your goods on their way as soon as they are ready, instead of having to wait until your goods fill a complete container.

Remember that in the case of LCL, you can't decide what other types of cargo you share the container with. In addition, there may be delays beyond your control, due to the fact that the container is used by several parties.

Shipping companies often offer fixed departure times with guaranteed cargo space on the most important routes.

Shortly, LCL is a small amount of cargo insufficient to on its own be economically shipped as FCL. It will be combined with other LCL cargo from other freight forwarders going to the same destination port, into a FAK FCL.