Free Carrier (Place): Overview (FCA)

The seller is responsible for export clearance and delivering the goods to the carrier at the designated point of delivery in accordance with the Free Carrier (FCA) shipping terms. Any individual or business that conducts the carrying is referred to as a carrier, including a shipping line, airline, trucking company, railroad, or freight forwarder.

FCA in Shipping Terms

Once the cargo is prepared to be put onto the carrier, the buyer takes responsibility for it. FCA is applicable to all modes of transportation, including road, rail, sea, and air freight. The buyer may arrange carriage at a lower cost than what their seller may offer. FCA enables the buyer to step in and take over after the cargo has been exported, which can be a risky and time-consuming operation for certain products. Once the commodities reach the point of export, however, the buyer takes all risks and liabilities.

Free Carrier: Seller's Responsibilities

According to FCA Incoterms®, the seller is responsible for managing the entire export procedure for the goods they are selling. The buyer is responsible for the cargo after it is prepared to be loaded into the vessel. The full list of the seller's obligations can be found below.

1) Export Packaging: For export, the cargo needs to be packaged. Some nations have certain rules governing how goods must be exported. This may involve product markings or packaging design. The person in charge of this aspect must make sure the packaging complies with export laws.

2) Loading Fees: These are any expenses related to loading the cargo onto the first carrier to move the products to the export point as it leaves the seller's location.

3) Delivery to Port/Place: These are the costs related to moving the products from the seller's location to the specified port or location where the cargo will be shipped once they are loaded onto the truck. The port or location would typically be a seaport, an airport, or a rail port.

4) Customs Clearance: The expenses and obligations related to formally exporting the goods from the country of origin. This may involve pre-shipment inspections, customs checks, or any other special clearances needed to export the cargo.

The cargo can be given to the buyer once these obligations are fulfilled. The buyer is solely responsible for any risks connected to the subsequent phases of the logistical process.

Free Carrier: Buyer’s Responsibilities

The risk passes to the buyer when the goods clear customs and arrives at the Named Place. The buyer then has the obligations listed below to complete the logistical process.

1) Terminal charges at origin: Any fees or requirements related to the shipping facility where the cargo is loaded for the primary transportation phase onto the chosen vessel.

2) Loading on carriage: The shipping company charges a loading fee for the cargo to be loaded onto the carriage.

3) Carriage fees: These are the freight costs associated with transporting cargo from one port to another.

4) Terminal fees at destination port: Once the cargo has reached the port of destination, any terminal fees related to unloading, moving, and keeping the load while it waits for the official import procedure.

5) Delivery to destination: Moving the goods to the address specified by the buyer after it has left the port of origin.

6) Unloading at destination: Costs related to unloading the cargo at the designated delivery location specified by the buyer.

7) Customs clearance: The purchaser is responsible for all expenses and liabilities related to importing the items. Duty, taxes, and any other requirements from customs authorities must be complied with or paid for by the buyer in the event of any inspections.

Free Carrier: Advantages to the Buyer

After the item has been lawfully exported from the nation of origin, FCA enables the buyer to have complete control over the transportation of their goods. Due to their ability to manage all moving parts of the logistics chain, some buyers believe they may profit from this Incoterm.

FCA can be a useful Incoterm® for purchasers who frequently acquire containerized goods and who have a reputable third-party logistics provider or freight forwarder they can trust.

Free Carrier: Disadvantages to the Buyer

There is a reason why FOB not as popular for maritime shipments than FCA. The buyer must take additional procedures at the port of origin under FCA, and as a result, the buyer is responsible for terminal and loading expenses. The best party to handle a problem that arises during shipping depends on whether the cargo is in the country of the seller or the buyer.

Therefore, even though FCA is not significantly different, employing it may have a disadvantage because sellers may not be as comfortable with the procedure. The ideal Incoterm® for exporting goods from any nation is typically one where both the buyer and seller have the most expertise.

When to Use Free Carrier Incoterm®

A buyer would only wish to take FCA into account if most of the following criteria can be satisfied:

• They are shipping containerized cargo.

• Their seller prefers FCA over FAS or FOB.

• The cargo is being transported straight to the terminal for export and not to the shipping service provider's warehouse

• They are familiar with the logistics procedure and requirements in the seller's nation, or they are employing a shipping service.

If the four criteria mentioned above can be satisfied, FCA is a sensible alternative to take into account as an Incoterm®.