

# Free Alongside Ship

What is FAS?

FAS stands for Free Alongside Ship, an international commerce term (incoterm) used to describe the delivery of goods where the seller takes on some responsibility for the shipment of goods.

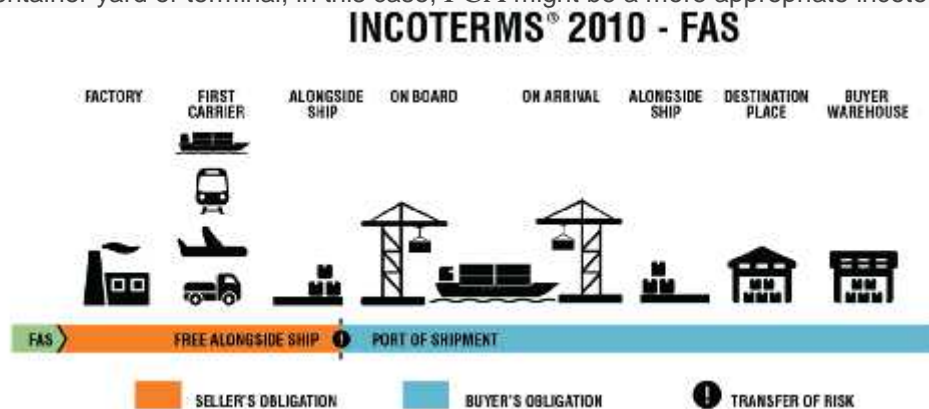
Under FAS, the exporter is responsible for clearing the goods at customs and delivering them to the vessel at the point of origin.

Free Alongside Ship only applies to sea or inland waterway ports. As with most points of delivery, it's recommended to highlight the exact location at which the goods are being delivered to, particularly in the case of large ports as the seller is responsible up for the goods until the port of shipment.

FAS is ideal for the shipping:

- Hard commodities (e.g. oil)
- Soft commodities (e.g. grain, soybean)
- Liquids
- Chemicals (both pharmaceutical and non-pharmaceutical)
- Bulk cargo
- Break bulk cargo

FAS is generally **not used for containerized goods** as they would often be delivered to a container yard or terminal; in this case, FCA might be a more appropriate incoterm to go by.



*Diagram: FAS – obligations from the seller and buyer, and where the transfer of risk between each party is transferred at the Point of Origin. Source: J Montezuma, Creative Commons BY-SA CC 4.0*

## Transport Modes:

Sea, Inland Waterway

## How does FAS work?

In the case of FAS, the seller is responsible for delivering the buyer's goods next to the shipping vessel.

The seller is also responsible for completing export customs documentation. FAS is often used for cargo that doesn't fit into containers – known as Out of Gauge (OOG) cargo – as these would typically be transported to a container yard under the FCA incoterm.

FAS is applicable to goods being transported by inland waterway and sea transport, and the costs for loading these goods onto the vessel is the responsibility of the seller.

With FAS, the buyer is then responsible for the cost of loading the goods onto the ship, and all costs thereafter.

## FAS



*Diagram: FAS involves the seller delivering goods alongside the shipping vessel at the point of origin, including the costs of offloading the goods onto the port. Source: J Montezuma, Creative Commons BY-SA CC 4.0*

## Buyer and Seller Obligations of FAS

THE SELLER'S OBLIGATIONS	THE BUYER'S OBLIGATIONS
<p><b>1. Providing the goods to the buyer</b></p> <p>The seller is responsible for delivering the goods at the point of origin and providing a commercial invoice to prove this delivery</p>	<p><b>1. Payment</b></p> <p>The buyer must pay for the goods as quoted in the contract of sale with the seller</p>
<p><b>2. Licenses and documentation</b></p> <p>The supplier needs to obtain export documentation and export customs clearance once they've dropped off the goods at the point of origin so that the buyer can then organize the movement of goods to the final destination</p>	<p><b>2. Licenses, authorizations and formalities</b></p> <p>The buyer must get any export license and import permit for the export of goods (at the country of origin and destination country)</p>
<p><b>3. Transport and insurance</b></p>	<p><b>3. Shipping and Insurance</b></p>

<p>The supplier is not responsible for the transport of the goods and there's no obligation for them to provide insurance</p>	<p>Contract of carriage – no obligation, although this is the buyer's responsibility to cover costs and risk</p> <p>Contract of insurance – no obligation, although this is the buyer's responsibility to cover costs and risk</p>
<p><b>4. Delivery</b></p> <p>The seller should deliver the goods alongside the ship at a specific agreed place on the port of origin</p>	<p><b>4. Taking delivery</b></p> <p>The buyer must take the goods at the point of origin and the bear the costs / responsibility thereafter</p>
<p><b>5. Transfer of risks</b></p> <p>Under FAS, the supplier takes on the risks of loss or damage to the goods until they have been delivered alongside the ship</p>	<p><b>5. Transfer of risks</b></p> <p>The buyer is responsible for any loss or damage to the goods from the time they have been delivered alongside the ship. If the vessel is delayed or doesn't show up, the buyer must cover any additional expenses</p>
<p><b>6. Costs</b></p> <p>The seller must pay for:</p> <ul style="list-style-type: none"> <li>▪ Cost to deliver the goods alongside the ship including at point of origin</li> <li>▪ Customs formalities</li> <li>▪ Export duties and taxes</li> <li>▪ Any other export charges</li> </ul>	<p><b>6. Costs</b></p> <p>The buyer pays for:</p> <ul style="list-style-type: none"> <li>▪ Loading the goods onto the ship</li> <li>▪ Insurance</li> <li>▪ Any additional costs incurred due to vessel delays or no-show</li> <li>▪ The main carriage of the goods</li> <li>▪ Import customs at destination point</li> <li>▪ Customs duties and taxes for import until final destination</li> <li>▪ Any other unloading costs</li> </ul>
<p><b>7. Notice to the buyer</b></p> <p>The seller must notify the buyer that the goods have been delivered at the place of origin / port</p>	<p><b>7. Notice to the seller</b></p> <p>The buyer must provide a clear time of vessel arriving and a specific point at</p>

	which the goods need to be delivered alongside the ship
<p><b>8. Proof of delivery</b></p> <p>The seller must obtain proof of delivery to the point of origin at their own expense, which is a document that allows the buyer to pick up the goods</p>	<p><b>8. Proof of delivery</b></p> <p>Must accept the seller's delivery document</p>
<p><b>9. Checking</b></p> <p>The seller must cover the cost of checking the goods for quality control, as well as measuring, weighing, counting, packing of the goods and marking them as required.</p> <p>If a special package (e.g. fragile goods) is being shipped, the seller must inform the buyer and have them agree any extra expenses</p>	<p><b>9. Inspection</b></p> <p>Unless it's a mandatory at origin, the buyer needs to pay any pre-shipment inspection</p>
<p><b>10. Other</b></p> <p>The seller must help in obtaining additional information required by the seller</p>	<p><b>10. Other</b></p> <p>Assist obtaining additional information required by the seller</p>

## Benefits of FAS

The key advantages of Free Alongside Ship:

- FAS is ideal for situations where the seller can easily access the vessel for loading the goods, for example, with bulk cargos or non-containerized goods.
- With FAS, the risk transfers to the buyer when the goods are alongside the ship, and the buyer bears the cost and responsibility thereafter.