

Free Carrier

What is Free Carrier?

Free Carrier is another type of International Commercial Term (Incoterm) as defined by the International Chamber of Commerce to standardize global shipping terms and responsibilities between the buyer and the seller.



Transport Modes:

Rail, Sea, Air, Road

Free Carrier is a common agreement where a seller (or shipper / supplier) of goods is responsible for packaging and loading goods onto a truck at their transport hub or port, different to [Ex Works](#), where the seller is just responsible for getting the making the goods available at their own factory or place of manufacture.

The seller is also responsible for export clearance of the goods at the port or terminal.

The buyer (or consignee) is then responsible for everything else:

- Shipping the goods
- Unloading the goods at the buyer's port or terminal
- Transporting the goods to the end destination or warehouse

When does FCA liability transfer from the seller to the buyer?

The agreed transportation point of the goods can be at a port, terminal or goods loading point, providing it's within the home country of the seller.

Once the goods are have been loaded and cleared customs (export clearance) and the shipment is accepted, responsibility shifts from the seller to the buyer to arrange shipment and delivery to the end warehouse or customer.

The seller may charge for their services to arrange any contracts to the carrier (e.g. a cargo ship or airport authority).

The buyer and seller might arrange for the goods to be shipped by ocean freight on a container. The liability might therefore shift to the buyer at the Container Freight Station or Container Yard – this needs to be clearly defined and agreed by both parties in advance.
Free Carrier is multimodal

Whether the goods are shipped by inland waterway, rail, road, sea, air or a combination, FCA can be an agreed form of transport agreement between the buyer and seller.
FCA can be less problematic than Ex Works as the seller is responsible for clearing customs, and they are likely to have the relevant licenses.

Advantages and Disadvantages of Free Carrier (FCA)

Advantages	Disadvantages
Most of the transport costs, delivery fees and charges are the buyer's responsibility, so there is full visibility of this process.	The seller might charge to contact the carrier, which could be at the buyer's risk and expense
The buyer will get full transparency of the shipping costs from the point the goods are loaded at the port or terminal, so the costs are not likely to be inflated by the seller	The buyer needs to arrange insurance when shipping the goods, as the seller is under no obligation to do this
Buyer needn't worry about acquiring specialist export licenses for export clearance or clearing customs, as this is the seller's responsibility (unlike for Ex Works)	Buyer needs to give specific instructions on where the goods are to be dropped to. Also, the buyer is responsible for the transport of the goods – plenty of due diligence and initial investigation required

FCA Price

The price of Free Carrier can vary, depending on where the goods are dropped to, but there are several levers and known costs which should be investigated:

- Fees to contract with the carrier (which the seller might do on the buyer's behalf)
- Shipping and transport costs
- Insurance
- Warehouse Storage
- Unloading fees

Free Carrier versus Ex Works

FCA and EXW are similar, but the key difference is that FCA requires the seller to clear the goods at customs and load them at the port or terminal