FAS — Free Alongside Ship

Important

This is a shortened version of our full lecture. It covers the essentials — but Incoterms are more complex than most people realise.

Every transaction is different. Use this as your starting point, check the rules for your specific shipment, and seek professional advice where needed.

Our full course at sadi4u.co.za gives you more information — for your protection and peace of mind.

Introduction

A very warm welcome.

Today we look at FAS — Free Alongside Ship, under Incoterms® 2020.

FAS applies to sea and inland waterway transport — typically for bulk commodities, The ICC does not recommend FAS for containerised freight. This is not my opinion; it is the ICC's recommendation.

What Does FAS Mean?

Under FAS, the seller's obligation is to deliver the goods alongside the vessel — literally next to it, at the named Port of Loading.

Once the goods are placed alongside the ship, the seller's obligation is fulfilled.

The buyer then loads the goods on board and takes over from that point.

Slide 3 — A Note on Cargo Types

FAS is designed for bulk and break-bulk cargo — grain, ore, and large industrial equipment. It is not suitable for containerised cargo.

For containerised cargo, the ICC recommends FCA instead — because FAS, like FOB, requires delivery at a specific point that the seller may not control for containers.

We strongly advise that you follow the ICC's recommendations, to protect your interests in any possible dispute.

The Risk Transfer Point

Risk transfers from the seller to the buyer the moment the goods are placed alongside the vessel — not before, and not on board.

This is the key difference from FOB. Under FOB, risk transfers when the goods are on board. Under FAS, it transfers when the goods are alongside the ship.

Although this Incoterm does not require insurance, sellers and buyers should consider coverage for the transport legs for which they are responsible. This is covered in more detail in our Insurance lecture in our more advanced course.

Seller's Responsibilities

- Package and prepare the goods
- Transport them to the Port of Loading
- Clear customs for export
- Submit the Terminal Handling Order
- Deliver the goods alongside the vessel according to the port's requirements and stack dates
- Bear all costs and risks up to the point where the cargo is delivered alongside the ship

Buyer's Responsibilities

- Arrange and pay for the loading of the goods onto the vessel at the POL
- Pay all ocean freight charges
- Submit the Shipping Instruction to the carrier
- Handle import duties and taxes
- Manage import customs clearance
- Bear all risks and costs from the moment the goods are alongside the vessel
- Arrange and pay for unloading and inland transport at the destination

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Always Name the Port of Loading

You must always name the Port of Loading.

For example: FAS Durban, South Africa.

When to Use FAS

FAS is suitable when:

- The buyer wants control over the loading process

- You are dealing with bulk cargo — grain, ore, or large industrial equipment

- The port has reliable infrastructure

Bill of Lading

The carrier issues the Bill of Lading to the buyer.

If an L/C is used for FAS shipments, special arrangements are required, as discussed in our course on Letters of Credit. Similar protections used for Letters of Credit also apply to unpaid shipments, safeguarding the seller.

Slide 10 — In Summary

- Under FAS, the seller's responsibility ends when the goods are placed alongside the ship

- The buyer loads the goods and bears all risks and costs from that point

- Always specify the Port of Loading clearly

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The Default and the Contract.

Unloading and loading

The Incoterm sets the default. But the contract can adjust it — for example, if the buyer has no equipment to unload, the contract can say the seller will do it. But the insurance must match. We explain this in more detail in the full course.

Keep the Incoterm itself unchanged; specify any adjustments separately in the contract. e.g. EXW loaded is not acceptable. The only one that can be extended is DDP – DDP Unloaded

The Upsell

This is the basic version of our FAS lecture.

Download a free PDF version from our website at www.sadi4u.co.za

The full course includes:

- The Terminal Order — and why FAS is different
- The Bill of Lading problem under Letters of Credit
- The Herman and Rina discussion
- Insurance
- The Bill of Lading lecture
- Logistics and much more. Refer to our website for more information/
- A repeatable monkey puzzle that tests and reinforces your understanding of the subject
- Your certificate of completion

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