



IMPORT SHIPPING TERMS EXPLAINED

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WHAT ARE “SHIPPING TERMS” AND WHY YOU SHOULD UNDERSTAND WHAT THEY MEAN.

A shipping term is an internationally recognised term that is used to clearly define on what basis you are contracting your freight forwarder and on what terms you are buying from your supplier. If understood properly it also avoids misunderstandings on **what is** and more importantly **what is not** included in any shipping quote you receive.



AN EXPLANATION OF THE SHIPPING TERM “FOB”.

The shipping term FOB is the most commonly used term that overseas suppliers agree with UK importers. It means that your supplier agrees to pay for his own local charges and get the shipment to the Seaport / Airport ready for export. The UK importer is then responsible for the charges from the overseas Seaport / Airport to his UK Door.

FOB is the best way to avoid hidden and unexpected charges as the UK importer has control over the shipment from start to finish and will know before shipment exactly the shipping costs to his UK Door.

Always try and agree terms FOB as it also eliminates the possibility that any new supplier does not have the correct export permits to be able to complete his part of the contract as by default under these terms he is responsible for arranging them.

Many UK importers also use FOB as a way of agreeing stage payments to suppliers agreeing a “\$£Y part payment” for goods and only releasing the balance of “\$£Y” funds once the goods are delivered to the Port / Airport.

FOB is the most popular supply terms from the Far East, Middle East, India, Pakistan and Asia.

AN EXPLANATION OF THE SHIPPING TERM “EX WORKS”.

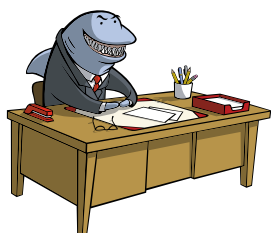
This shipping term means that the UK importer is responsible for all shipping charges from the suppliers factory / warehouse to their address in the UK.

Ex Works are the most commonly used terms for shipments originating from Canada and the USA, from where it is a reasonably safe shipping term. However, Ex Works terms are very risky when dealing with new suppliers from India, China and the Far East. This risk is because the UK importer has to trust the supplier to have the correct permits to be able to allow export. Be aware of this very real risk, as many UK importers have paid for supplies that are never received because of it.

AN EXPLANATION OF THE SHIPPING TERM “C&F” AND “CIF”.

These shipping terms mean that the UK importer is trusting the overseas supplier to arrange and to pre-pay all charges to the UK (often to a named UK Port) and in addition with CIF it also means that the supplier is also arranging insurance.

These terms are the mostly commonly misunderstood and expensive shipping mistake that a new UK importer makes. Often it is assumed that these terms include the UK Terminals which they don't as the supplier will have only paid up to the arrival UK Port / Airport.



UK Terminal fees are an “unregulated market” where importers are often held to ransom and have no choice but to pay what is demanded by the “Port Sharks” for release of their cargo. New overseas suppliers also try to tempt UK importers with very low shipping rates “included” in their quotations because unknown to the UK importer the supplier is getting a hidden commission paid back to him from his local freight agent.

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