**Unit 17: Trade**



Here are the five famous kinds of payments in sea transport:

**CF (Cost and Freight):** The price paid to the seller includes packing and freight to the port of destination, but does not include insurance. The buyer must pay this.

**CIF (Cost, insurance and freight)**: the seller’s price includes all charges and risks up to the point where the ship carrying the goods arrives at the named port of destination.

**Ex-works (or Ex-factory):** the price excludes all delivery charges. The buyer has to arrange for collection of the goods at the works or factory, and pays all expenses such as loading, insurance and carriage.

**FAS (Free alongside ship) or Franco quay:** the seller’s price includes all charges and risks up to the point where the goods are placed alongside the named ship ready to be taken on board.

**FOB (Free on Board):** the seller’s price includes all charges and risks up to the point where the seller delivers the goods on board at the named port of shipment. From that point, the buyer bears the charges and risks.

Exercise 1: according to the terms of payments below, put them in order from 1 to 5, from the best term for the buyer to the worst one.

1. CIF

Exercise 2: when trading, one needs to know many items related to transactions. Here are some of them, put each one in the correct box below.

Air freight – barrels – bill of exchange – certificate of value and origin – containers – crates – customs officer – docks – freight forwarding agent – import duty – import license – insurance broker – insurance premium – letter of credit – port of arrival – port of origin – rail freight – sacks – sales invoice – sea freight – surcharge – warehouse.

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| Documents | Means of transport | Packaging | Payments | People | Places |
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