

# INCOTERMS GUIDE

*The purpose of Incoterms 2010 is to provide a set of international rules for the interpretation of the most commonly used trade terms in foreign trade. Thus, the uncertainties of different interpretations of such terms in different countries can be avoided or at least reduced to a considerable degree. The scope of Incoterms 2010 is limited to matters relating to the rights and obligations of the parties to the contract of sale with respect to the delivery of goods sold. Incoterms 2010 do NOT apply to the contract of carriage. A brief description of each Incoterm is outlined below:*

## EX WORKS (EXW)

The seller delivers when it places the goods at the disposal of the buyer at the seller's premises or at another named place (i.e., works, factory, warehouse, etc.). The seller does not need to load the goods on any collecting vehicle, nor does it need to clear the goods for export, where such clearance is applicable. This term represents the MINIMUM OBLIGATION FOR THE SELLER.

## FREE CARRIER (FCA)

The seller delivers the goods to the carrier or another person nominated by the buyer at the seller's premises or another named place. The parties are well advised to specify as clearly as possible the point within the named place of delivery, as the risk passes to the buyer at that point. The seller is required to clear the goods for export, where applicable.

## FREE ALONGSIDE SHIP (FAS)

The seller delivers when the goods are placed alongside the vessel (e.g., on a quay or a barge) nominated by the buyer at the named port of shipment. The risk of loss of or damage to the goods passes when the goods are alongside the ship, and the buyer bears all costs from that moment onwards.

## FREE ON BOARD (FOB)

The seller delivers when the goods on board the vessel nominated by the buyer at the named port of shipment or procures the goods already so delivered. The risk of loss of or damage to the goods passes when the goods are on board the vessel, and the buyer bears all costs from that moment onwards.

## COST & FREIGHT (CFR)

The seller delivers when the goods on board the vessel or procures the goods already so delivered. The risk of loss of or damage to the goods passes when the goods are on board the vessel. The seller must contract for and pay the costs and freight necessary to bring the goods to the named port of destination.

## COST, INSURANCE & FREIGHT (CIF)

The seller delivers when on board the vessel or procures the goods already so delivered. The risk of loss of or damage to the goods passes when the goods are on board the vessel. The seller must contract for and pay the costs and freight necessary to bring the goods to the named port of destination. The seller also contracts for insurance cover against the buyer's risk of loss of or damage to the goods during the carriage.

## CARRIAGE PAID TO (CPT)

The seller delivers the goods to the carrier or another person nominated by the seller at an agreed place (if any such place is agreed between the parties) and the seller must contract for and pay the costs of carriage necessary to bring the goods to the named place of destination. CPT requires the seller to clear the goods for export, where applicable.

## CARRIAGE & INSURANCE PAID TO (CIP)

The seller delivers the goods to the carrier or another person nominated by the seller at an agreed place (if any such place is agreed between the parties) and that the seller must contract for and pay the costs of carriage necessary to bring the goods to the named place of destination. The seller also contracts for insurance cover against the buyer's risk of loss of or damage to goods during the carriage.

## DELIVERED AT TERMINAL (DAT)

The seller delivers when the goods once unloaded from the arriving means of transport, are placed at the disposal of the buyer at a named terminal at the named port or place of destination. "Terminal" includes any place, whether covered or not, such as a quay, warehouse, container yard or road, rail or air cargo terminal. The seller bears all risks involved in bringing the goods to and unloading them at the terminal at the named port or place of destination.

## DELIVERED AT PLACE (DAP)

The seller delivers when the goods are placed at the disposal of the buyer on the arriving means of transport ready for unloading at the named place of destination. The seller bears all risks involved in bringing the goods to the named place.

## DELIVERED DUTY PAID (DDP)

The seller delivers the goods when the goods are placed at the disposal of the buyer, cleared for import on the arriving means of transport ready for unloading at the named place of destination. The seller bears all costs and risks involved in bringing the goods to the place of destination and has an obligation to clear the goods not only for export but also for import, to pay any duty for both export and import and to carry out all customs formalities.



# INCOTERMS® 2010

	Ex Works	Free Carrier	Carriage Paid to	Carriage & Insurance Paid to	Delivered at Terminal	Delivered at Place	Delivered Duty Paid	Free Alongside Ship	Free on Board	Cost & Freight	Cost, Insurance, & Freight
	EXW	FCA	CPT	CIP	DAT	DAP	DDP	FAS	FOB	CFR	CIF
SERVICES & FEES	ANY MODE OF TRANSPORT							SEA / INLAND WATERWAY TRANSPORT			
Packaging	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER
Marking & Labeling	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER
Export Clearance	BUYER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER
Documentation Fees	BUYER	BUYER	SELLER	SELLER	SELLER	SELLER	SELLER	BUYER	BUYER	SELLER	SELLER
Pre-Carriage	BUYER	BUYER <sup>1</sup>	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER	SELLER
Origin Terminal Charges	BUYER	BUYER <sup>1</sup>	SELLER	SELLER	SELLER	SELLER	SELLER	BUYER	SELLER	SELLER	SELLER
Vessel Loading	BUYER	BUYER	SELLER	SELLER	SELLER	SELLER	SELLER	BUYER	SELLER	SELLER	SELLER
Ocean/ Air Freight (Main Carriage)	BUYER	BUYER	SELLER	SELLER	SELLER	SELLER	SELLER	BUYER	BUYER	SELLER	SELLER
Nominate Forwarder	BUYER	BUYER	SELLER	SELLER	SELLER	SELLER	SELLER	BUYER	BUYER	SELLER	SELLER
Insurance				SELLER							SELLER
Unloading Charges (Main Carriage)	BUYER	BUYER	2	2	SELLER	SELLER	SELLER	BUYER	BUYER	2	2
Destination Terminal Charges	BUYER	BUYER	2	2	2	SELLER	SELLER	BUYER	BUYER	2	2
On-Forwarding Carriage*	BUYER	BUYER	BUYER	BUYER	BUYER	SELLER	SELLER	BUYER	BUYER	BUYER	BUYER
Customs Entry Fee (Destination)	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	SELLER	BUYER	BUYER	BUYER	BUYER
Duty/ Tax	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	SELLER	BUYER	BUYER	BUYER	BUYER
Delivery to Destination	BUYER	BUYER	BUYER	BUYER	BUYER	SELLER	SELLER	BUYER	BUYER	BUYER	BUYER
Unloading at Destination	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER	BUYER

\*On-Forwarding Carriage refers to transport provided after the termination point of the Bill of Lading for main carriage.  
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 A specific guide to Incoterms® 2010 is available at [www.iccbooks.com](http://www.iccbooks.com).

<sup>1</sup>Based on FCA/ Shipper's Location; Seller responsible for loading of pre-carriage carrier.

<sup>2</sup>Charges paid by buyer or seller depending on contract of sale.

<sup>3</sup>Each term should be accompanied by a named 'place' of delivery.