

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..