

INCOTERMS 2000

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First published by the ICC in 1936, most recently updated in 2000

International Commercial Terms (INCOTERMS)

ICC (International Chamber of Commerce) Official Rules for the Interpretation of Trade terms.

Purpose is to provide a set of international rules for the interpretation of the most commonly used trade terms.

13 categories describing where risks lie between seller and buyer

Incoterms – Purpose and Scope

Apply to international trade

Used to describe the responsibilities of the buyer and seller in regards to the transportation and delivery of the goods sold.

Define the risks and obligations of the parties with respect to the transportation and delivery of goods sold.

Four Groups of Incoterms



EXW

EX WORKS (...named place)

The “E-” term is the term in which the seller’s obligation is at its minimum.

Seller delivers when goods are placed at disposal of buyer

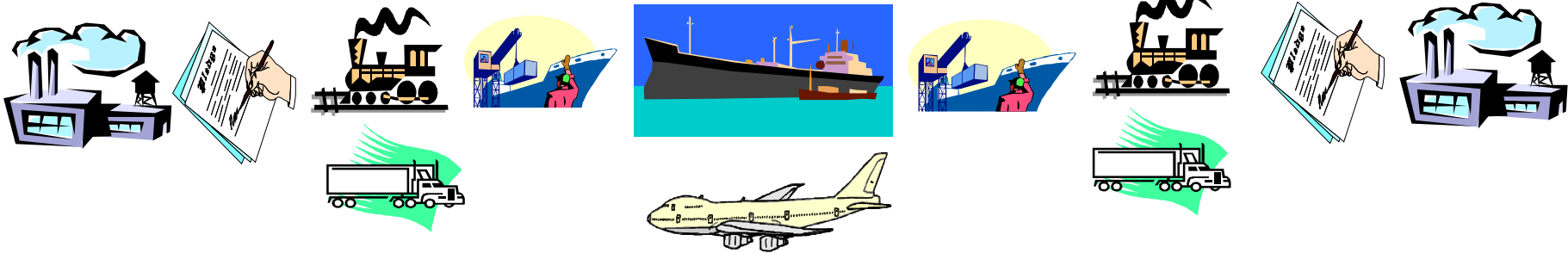
Buyer makes most of the transportation arrangements

EXW

Ex Works ...(named place)

SELLER → BUYER

Seller/ Exporter Premises	Export Documents Formalities	Delivered at named place of: Frontier/ Terminal/ Quay	Loading Port of Shipment	Onboard Ship Rail Plane		Discharging Port of Arrival	Delivery at named place of destination: Frontier/ Terminal/Quay	Import Documents Formalities	Buyer/ Importer/ Premises
				Ship's Rail	Ship's Rail				
Seller's Risks							Buyer's Risks		
Seller's Cost							Buyer's Cost		



“F” TERMS

The “F-” terms require the seller to deliver goods for carriage as instructed by the buyer. Buyer pays for most of the transportation.

FCA

FAS

FOB

FCA - FREE CARRIER (named place)

Seller delivers goods, cleared for export, to the carrier selected by the buyer at a named place.

Term may be used irrespective of the mode of transport.

Seller **obligated** to load goods on arriving vehicle if it arrives at the seller's premises.

Seller not obliged to unload goods from vehicle.

FCA

Free Carrier...(named place)

SELLER → BUYER →

Seller/ Exporter Premises	Export Documents Formalities	Delivered at named place of: Frontier/ Terminal/ Quay	Loading Port of Shipment	Onboard Ship Rail Plane		Discharging Port of Arrival	Delivery at named place of destination: Frontier/ Terminal/Quay	Import Documents Formalities	Buyer/ Importer Premises
				Ship's Rail	Ship's Rail				
Seller's Risks		Buyer's Risks							
Seller's Cost		Buyer's Cost							



FAS - FREE ALONGSIDE SHIP

(...named port of shipment)

Seller delivers when goods, cleared for export, are placed alongside the vessel

Seller obliged to clear goods for export.

The buyer bears all costs and risks of loss or damage to the goods from that moment.

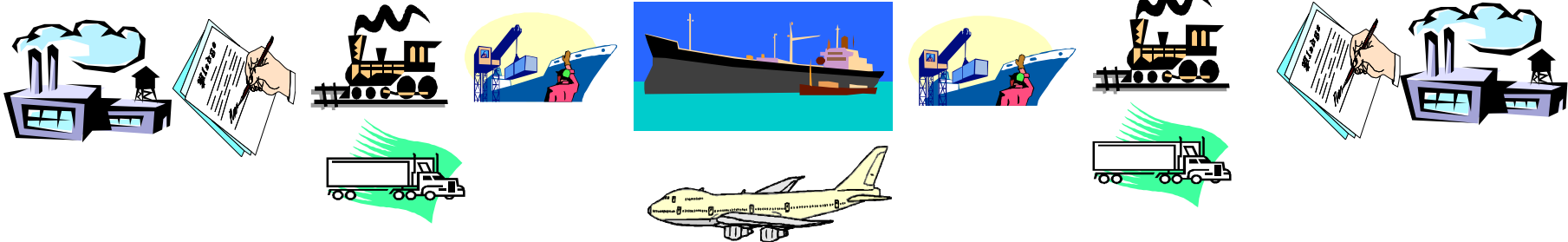
Terms can be used for sea or inland waterway transport only.

FAS

Free Alongside...(named place)

SELLER  BUYER 

Seller/ Exporter Premises	Export Documents Formalities	Delivered at named place of: Frontier/ Terminal/ Quay	Loading Port of Shipment	Onboard		Discharging Port of Arrival	Delivery at named place of destination: Frontier/ Terminal/Quay	Import Documents Formalities	Buyer/ Importer Premises
				Ship's Rail	Ship's Plane				
Seller's Risks									Buyer's Risks
Seller's Cost									Buyer's Cost



FOB – FREE ON BOARD

(...named port of shipment)

Seller delivers when goods, cleared for export, pass the ship's rail at the named port of shipment.



The buyer bears all costs and risks of loss or damage to the goods from that point.

Term can be used for sea or inland waterway transport only.

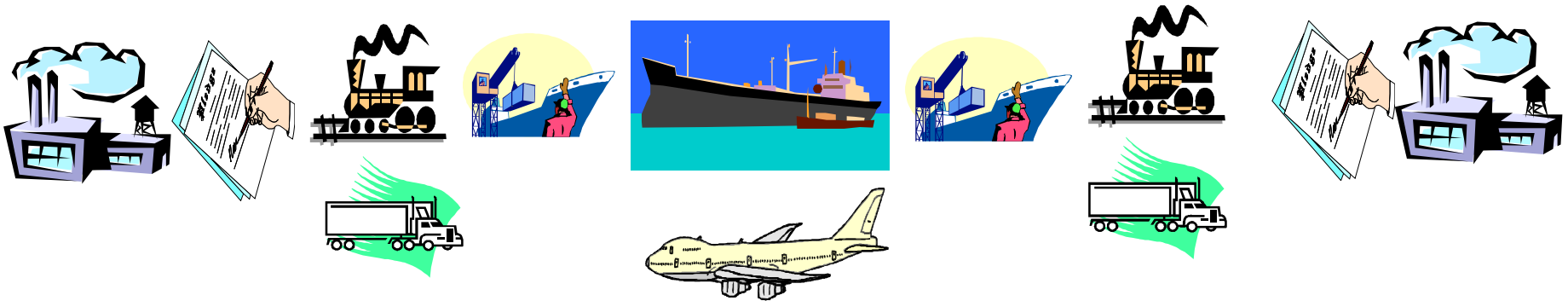
If intent is not to deliver goods across the ship's rail, use FCA

FOB

Free On Board...(named port of shipment)

SELLER  BUYER 

Seller/ Exporter Premises	Export Documents Formalities	Delivered at named place of: Frontier/ Terminal/ Quay	Loading Port of Shipment	Onboard		Discharging Port of Arrival	Delivery at named place of destination: Frontier/ Terminal/Quay	Import Documents Formalities	Buyer/ Importer Premises
				Ship's Rail	Ship's Plane				
Seller's Risks			Buyer's Risks						
Seller's Cost			Buyer's Cost						





NOV 20 10 30 AM
MONTRO - ALL ACCESS

LD LIFT 25000 LB
GT WT 40000 LB

DO NOT OPERATE
UNLESS PROPERLY
SECURED TO THE
CRADLE AND THE
LIFTING POINTS
ARE PROPERLY
SECURED TO THE
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GENERAL

9 7:47 PM







“C” TERMS

The “C-” terms require the seller to contract for carriage at his expense – to a specified point.

CFR

CIF

CPT

CIP

CFR – COST AND FREIGHT (...named port of destination)

Seller delivers when goods, cleared for export, pass the ship's rail at the named port of destination.

The seller pays the costs and freight necessary to bring goods to port of destination, **but** the buyer bears the risk of loss and additional costs occurring after delivery.

Term can be used for sea or inland waterway transport.

If intent is not to deliver goods across the ship's rail, use CPT

CFR

Cost and Freight ...(named port of destination)

SELLER → BUYER

Seller/ Exporter Premises	Export Documents Formalities	Delivered at named place of: Frontier/ Terminal/ Quay	Loading Port of Shipment	Onboard Ship Rail Plane		Discharging Port of Arrival	Delivery at named place of destination: Frontier/ Terminal/Quay	Import Documents Formalities	Buyer/ Importer Premises
				Ship's Rail	Ship's Rail				
Seller's Risks							Buyer's Risks		
→							→		
Seller's Cost							Buyer's Cost		
→							→		





CIF – COST, INSURANCE AND FREIGHT

(...named port of destination)

Seller delivers when goods, cleared for export, pass the ship's rail at the named port of destination.

The seller pays the costs and freight necessary to bring goods to port of destination, but the buyer bears the risk of loss and additional costs occurring after delivery.

The seller procures marine insurance, against buyer's risk of loss. Seller is required to obtain insurance only on minimum coverage.





Term can be used for sea or inland waterway transport.

If intent is not to deliver goods across the ship's rail, use CIP.

CIF

Cost, Insurance and Freight ...(named port of destination)

SELLER  BUYER 

Seller/ Exporter Premises	Export Documents Formalities	Delivered at named place of: Frontier/ Terminal/ Quay	Loading Port of Shipment	Onboard Ship Rail Plane		Discharging Port of Arrival	Delivery at named place of destination: Frontier/ Terminal/Quay	Import Documents Formalities	Buyer/ Importer Premises
				Ship's Rail	Ship's Rail				
Seller's Risks							Buyer's Risks		
									
Seller's Costs							Buyer's Cost		
									



CPT – CARRIAGE PAID TO (...named place of destination)


Seller delivers the goods, cleared for export, to the carrier at the named place of destination.



The seller pays the costs of carriage necessary to bring goods to named destination, but the buyer bears the risk of loss and additional costs occurring after delivery.

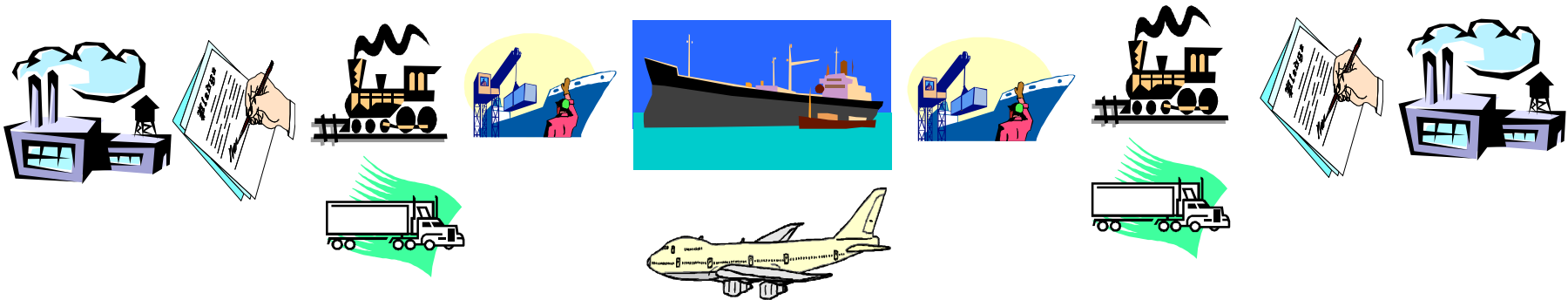
Term may be used irrespective of mode of transport.

CPT

Carriage Paid To ...(named port of destination)

SELLER  BUYER 

Seller/ Exporter Premises	Export Documents Formalities	Delivered at named place of: Frontier/ Terminal/ Quay	Loading Port of Shipment	Onboard Ship Rail Plane		Discharging Port of Arrival	Delivery at named place of destination: Frontier/ Terminal/Quay	Import Documents Formalities	Buyer/ Importer Premises	
				Ship's Rail	Ship's Rail					
Seller's Risks									Buyer's Risks	
Seller's Cost									Buyer's Costs	



CIP – CARRIAGE AND INSURANCE PAID TO **(...named place of destination)**

Seller delivers the goods, cleared for export, to the carrier at the named place of destination.

The seller pays the costs of carriage to named destination, but the buyer bears the risk of loss and additional costs occurring after delivery.





The seller procures insurance against buyer's risk of loss. Seller is required to obtain insurance only for minimum coverage.

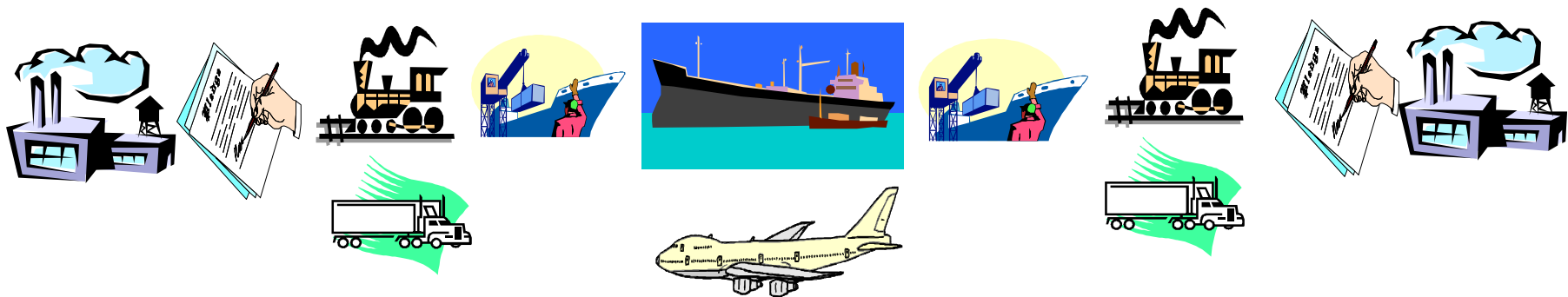
Term may be used irrespective of mode of transport.

CIP

Carriage and Insurance Paid To ...(named port of destination)

SELLER  BUYER 

Seller/ Exporter Premises	Export Documents Formalities	Delivered at named place of: Frontier/ Terminal/ Quay	Loading Port of Shipment	Onboard Ship Rail Plane		Discharging Port of Arrival	Delivery at named place of destination: Frontier/ Terminal/Quay	Import Documents Formalities	Buyer/ Importer Premises
				Ship's Rail	Ship's Rail				
Seller's Risks							Buyer's Risks		
									
Seller's Cost							Buyer's Cost		
									



“D” TERMS

The “D-” terms require the seller to take the goods all the way to destination at the border or within the country of import.

DAF

DES

DEQ

DDU

DDP

DAF – DELIVERED AT FRONTIER (...named place)

Seller delivers goods, cleared for export, at disposal of buyer on arriving means of transport.

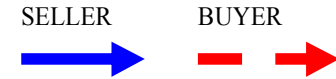
Not unloaded, not cleared for import at point at frontier before customs border of adjoining country.

Term may be used irrespective of the mode of transport when goods are delivered at a land frontier.

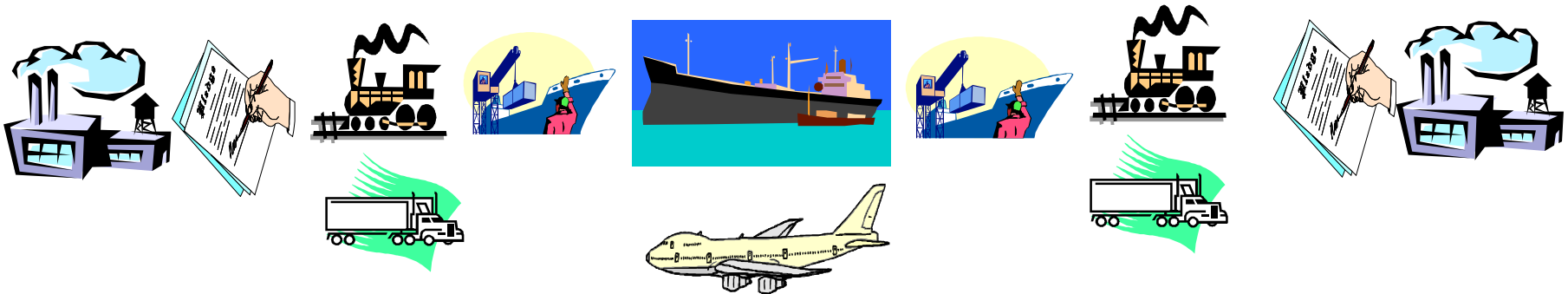
If delivery is to take place in the port of destination, DES or DEQ should be used.

DAF

Delivered At Frontier...(named place)



Seller/ Exporter Premises	Export Documents Formalities	Delivered at named place of: Frontier/ Terminal/ Quay	Loading Port of Shipment	Onboard Ship Rail Plane		Discharging Port of Arrival	Delivery at named place of destination: Frontier/ Terminal/Quay	Import Documents Formalities	Buyer/ Importer Premises
				Ship's Rail	Ship's Rail				
Seller's Risks									Buyer's Risks
Seller's Cost									Buyer's Cost



DES – DELIVERED EX SHIP

(...named port of destination)

Seller delivers goods at disposal of buyer on board the ship.

Not cleared for import at the named port of destination.

Seller bears all costs and risks to bring goods to the named port before discharging.

Term used only for delivery by sea.

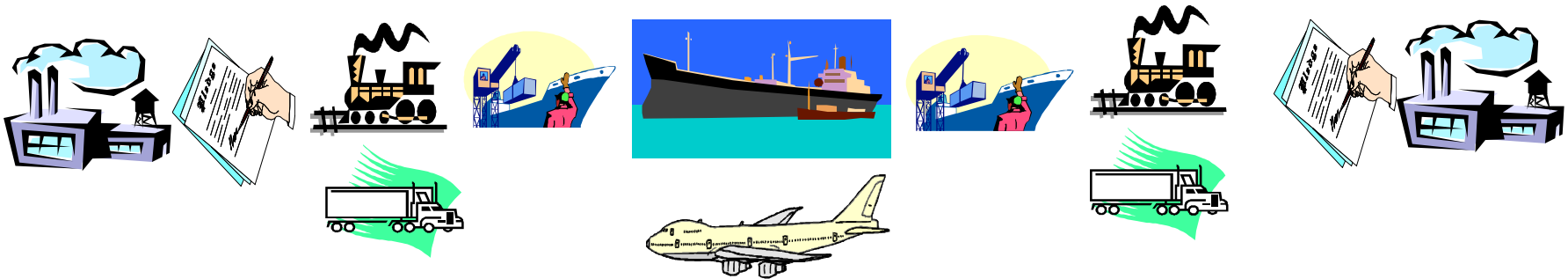
If the seller is to bear the costs of discharging the goods, DEQ should be used.

DES

Delivered exShip...(named port of destination)

SELLER → BUYER

Seller/ Exporter Premises	Export Documents Formalities	Delivered at named place of: Frontier/ Terminal/ Quay	Loading Port of Shipment	Onboard		Discharging Port of Arrival	Delivery at named place of destination: Frontier/ Terminal/Quay	Import Documents Formalities	Buyer/ Importer Premises
				Ship's Rail	Ship's Rail Plane				
Seller's Risks			→			- - - - -			Buyer's Risks
Seller's Cost			→			- - - - -			Buyer's Cost





DEQ – DELIVERED EX QUAY **(...named port of destination)**

Seller delivers goods, **not cleared for import**, at disposal of buyer on the quay (dock) at the named port of destination.

Seller bears all costs and risks to bring goods to the named port of destination and discharging the goods on the quay.

Term used only for delivery by sea.



DDU – DELIVERED DUTY UNPAID

(...named place of destination)

Seller delivers goods to the buyer, **not cleared for import**, and not unloaded, at the named place of destination.

Seller bears all costs and risks (except duty, including brokerage fees and other fees) to bring goods to the named place of destination.





Term may be used irrespective of mode of transport.

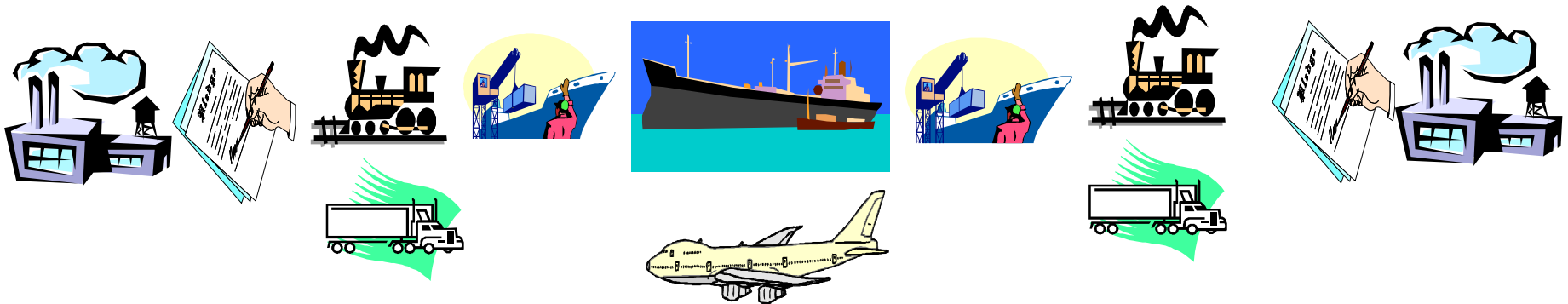
If delivery is to take place at the port, quay or on board a vessel, DES or DEQ should be used.

DDU

Delivered Duty Unpaid...(named place of destination)

SELLER  BUYER 

Seller/ Exporter Premises	Export Documents Formalities	Delivered at named place of: Frontier/ Terminal/ Quay	Loading Port of Shipment	Onboard Ship Rail Plane		Discharging Port of Arrival	Delivery at named place of destination: Frontier/ Terminal/Quay	Import Documents Formalities	Buyer/ Importer Premises
				Ship's Rail	Ship's Rail				
Seller's Risks									Buyer's Risks
Seller's Cost									Buyer's Cost



DDP – DELIVERED DUTY PAID

(...named place of destination)

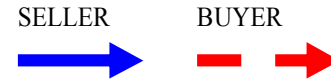
Seller delivers goods to the buyer, cleared for import, and not unloaded, at the named place of destination.

Seller bears all costs and risks, including import duty, to bring goods to the named place of destination.

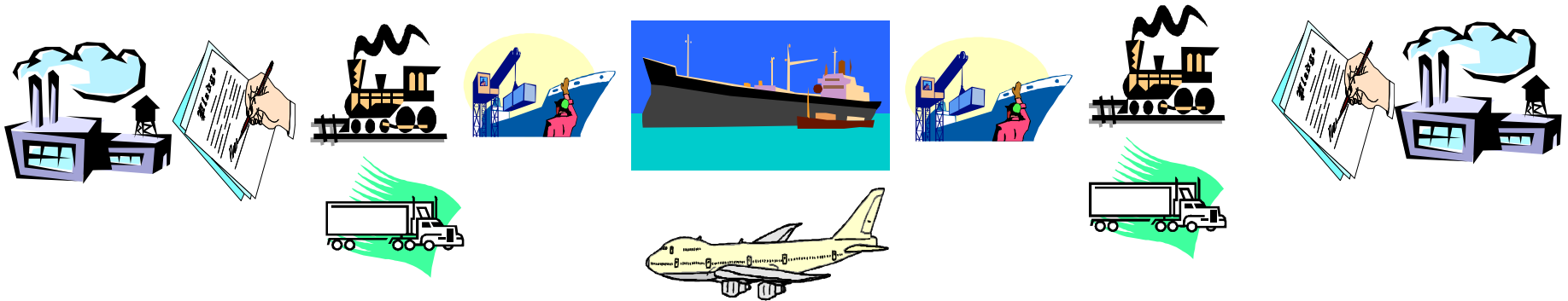
Term may be used irrespective of mode of transport. If delivery is to take place at the port, quay or on board a vessel, DES or DEQ should be used.

DDP

Delivered Duty Paid...(named place of destination)



Seller/ Exporter Premises	Export Documents Formalities	Delivered at named place of: Frontier/ Terminal/ Quay	Loading Port of Shipment	Onboard		Discharging Port of Arrival	Delivery at named place of destination: Frontier/ Terminal/Quay	Import Documents Formalities	Buyer/ Importer Premises
				Ship's Rail	Ship's Rail Plane				
Seller's Risks									Buyer's Risks
Seller's Cost									Buyer's Cost



Mode of Transport and Appropriate Incoterm

Any Mode of Transport

EXW

FCA

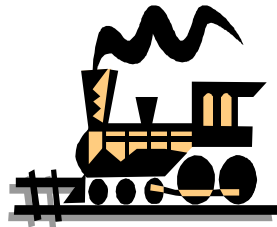
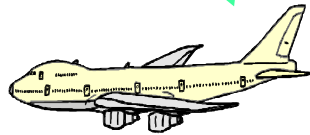
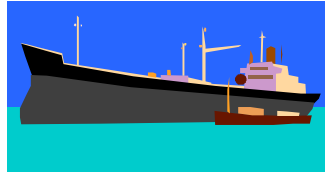
CPT

CIP

DAF

DDU

DDP



Maritime and Inland Waterway Transport Only

FAS

FOB

CFR

CIF

DES

DEQ



OBJECTIVES

Buyer maximizes
control of supply
chain

EXW

FCA

FOB

FAS

Buyer receives goods
already cleared in
country

DDP

Buyer has minimum control
over supply chain

CIF

DAF

CPT

DDU

CIP

In Summary

“Best” INCOTERM determined by buyer’s and seller’s objectives.

Must name a place after the INCOTERM

INCOTERMS are negotiable!

INCOTERMS should appear on all commercial documents

Establish a close relationship with a forwarder

Questions?

Thank you.