

A QUICK GUIDE TO INCOTERMS® 2020

Incoterms are a set of rules that guide domestic and international trade, facilitating the conduct of imports and exports, defining the costs, risks, and obligations of buyers and sellers in international transactions.

All international sales contracts should refer to Incoterms® 2020 as the latest version of the Incoterms rules.

EXW

EX WORKS
(NAMED PLACE)

"Ex Works" means that the seller delivers when it places the goods at the disposal of the buyer at the seller's premises or at another named place (ie. 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.

FCA

FREE CARRIER
(NAMED PLACE)

"Free Carrier" means that 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. In Incoterms® 2020, FCA has been changed to allow the parties to agree for the buyer to direct the carrier to issue the on-board Bill of Lading to the seller.

CPT

CARRIAGE PAID TO
(NAMED PLACE OF DESTINATION)

"Carriage Paid To" means that 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.

CIP

CARRIAGE & INSURANCE PAID TO
(NAMED PLACE OF DESTINATION)

"Carriage and Insurance Paid To" is similar to CPT however an addition is that the seller also contracts for insurance cover against the buyer's risk of loss of or damage to the goods during carriage. The buyer should note that under CIP the seller is required to obtain insurance only on minimum cover. Should the buyer wish to have more insurance protection, it will need either to agree as much expressly with the seller or to make its own extra insurance arrangements.

DAP

DELIVERED AT PLACE
(NAMED PLACE OF DESTINATION)

"Delivered at Place" means that 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.

DPU

DELIVERED AT PLACE UNLOADED
(NAMED PLACE OF DESTINATION)

"Delivered at Place Unloaded" means that the seller delivers the goods to the named place and is responsible for unloading the goods. Risk transfers from seller to buyer when the goods have been unloaded. The buyer is responsible for import clearance and any applicable local taxes or import duties.

DDP

DELIVERED DUTY PAID
(NAMED PLACE OF DESTINATION)

"Delivered Duty Paid" means that 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 the 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 the Customs formalities.

FAS

FREE ALONGSIDE SHIP
(NAMED PORT OF SHIPMENT)

"Free Alongside Ship" means that the seller has fulfilled its obligations when the goods are made available alongside the vessel nominated by the buyer at the named port of shipment. The buyer is responsible for loading the goods on their transport and everything else necessary to get the goods to the final destination.

FOB

FREE ON BOARD
(NAMED PORT OF SHIPMENT)

"Free On Board" means that the seller delivers 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.

CFR

COST & FREIGHT
(NAMED PORT OF DESTINATION)

"Cost and Freight" means that the seller delivers 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.

CIF

CARRIAGE, INSURANCE & FREIGHT
(NAMED PORT OF DESTINATION)

"Cost, Insurance and Freight" is similar to CFR however in addition the seller also contracts for insurance cover against the buyer's risk of loss of or damage to the goods during the carriage. The buyer should note that under CIF the seller is required to obtain insurance only on minimum cover. Should the buyer wish to have more insurance protection, it will need either to agree as much expressly with the seller or to make its own extra insurance arrangements.

	Seller	Export Customs Clearance	Inland Carrier Loaded	Sea/Air/Rail Terminal	Quay	Port of Loading/Loaded on Board	Main Leg of Transport	Port of Discharge	Quay	Import Customs Clearance	Named Place	Sea Terminal/Inland Terminal	Buyer
Risks and Costs from Seller to Buyer													
EXW	Seller	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
FCA	Seller	Seller	Seller	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
CPT	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Buyer	Seller	Buyer	Buyer
CIP	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Buyer	Seller	Buyer	Buyer
DAP	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Buyer	Seller	Seller	Buyer
DPU	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
DDP	Seller	Seller	Seller	Seller	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
FCA	Seller	Seller	Seller	Seller	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
FCA	Seller	Seller	Seller	Seller	Seller	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
FAS	Seller	Seller	Seller	Seller	Seller	Seller	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
FOB	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Buyer	Buyer	Buyer	Buyer	Buyer
CFR	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Buyer	Buyer	Buyer	Buyer	Buyer
CIF	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Buyer	Buyer	Buyer	Buyer	Buyer

■ All Modes of Transportation
■ Air
■ Railway
■ Sea

Seller Seller's Cost
Buyer Seller's Risk
Buyer Buyer's Cost
Buyer Buyer's Risk

** Please use the above as a general guide only to the more common terms used. Please contact a Loynes expert for more information.**