

MASTERPIECE INTERNATIONAL

2020 **Incoterms**[®]

What are Incoterms[®]? INternational COmmercial TERMS

Incoterm[®] – *n.* “An agreement between a buyer and seller incorporated into contracts to reach a precise understanding of each party’s responsibility in the delivery of goods including commercial applications and determining risk in the event of loss for importers, exporters, lawyers, transporters, and insurers of international trade.”

SELLER

BUYER

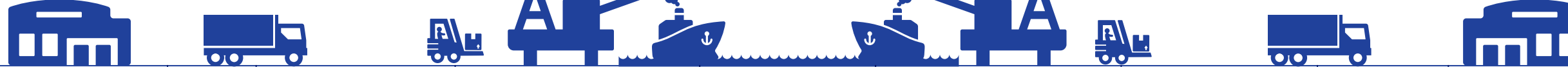
COSTS

RISK

INSURANCE

▶ TRANSITION OF RESPONSIBILITY

Description



EXW

Ex works

COSTS
RISK
INSURANCE

FCA

Free Carrier

COSTS
RISK
INSURANCE

CPT

Carriage Paid To

COSTS
RISK
INSURANCE

CIP

Carriage & Insurance Paid To

COSTS
RISK
INSURANCE

DAP

Delivered at Place

COSTS
RISK
INSURANCE

DPU**

Delivered at Place Unloaded

COSTS
RISK
INSURANCE

DDP

Delivered Duty Paid

COSTS
RISK
INSURANCE

FAS

Free Alongside Ship

COSTS
RISK
INSURANCE

FOB

Free on Board

COSTS
RISK
INSURANCE

CFR

Cost & Freight

COSTS
RISK
INSURANCE

CIF

Cost, Insurance, & Freight

COSTS
RISK
INSURANCE

More Details

EXW (Ex works) — The seller has a minimum obligation and delivers goods to the buyer when it places the goods at the disposal of the buyer at a named place, such as a factory or warehouse. This may or may not be the seller's premises. The parties need to only name the place of the delivery; however, the parties may also select a point within that place to be clearer. Cost, risk, and insurance all transfer at the designated place. After the transfer of goods, the buyer is responsible for all transportation, export/import clearance, et al.

FCA (Free Carrier) — The seller must deliver the goods, cleared for export, to the carrier nominated by the buyer at a named place. In this term, the seller would have to pay for the carriage to the named place. The responsibility is transferred to the buyer once the goods reach the named place; everything after that is buyer's responsibility.

CPT (Carriage Paid To) — The seller must deliver the goods to the carrier nominated by the seller and must pay additional cost of carriages to bring the goods to the named destination. The carriage of the goods is the only responsibility of the seller. The buyer bears all costs of goods after delivery at the named destination.

CIP (Carriage and Insurance Paid To) — CIP is the same as CPT, with the only exception that the seller must also procure insurance for the goods during carriage. The seller must deliver the goods to the carrier nominated by the seller and must pay additional cost of carriages to bring the goods to the named destination as well as insurance. The carriage of the goods is the only responsibility of the seller. The buyer bears all costs of goods after delivery at the named destination.

DAP (Delivered at Place) — The seller must provide the goods and pay for carriage to the named place, except for import clearance, and assumes all risk prior to the point of unloading by the buyer. The buyer has no obligation to the seller with regards to carriage.

DPU (Delivered at Place Unloaded) — Similar to DAP, the seller must provide the goods and pay for carriage to the named place, except for import clearance, and assumes all risk through the unloading to the buyer. In DPU the seller must unload the goods. The buyer's obligation is to take the good once they are unloaded.

DDP (Delivered Duty Paid) — The seller delivers the goods to the buyer, cleared for import, and unloaded from arriving means of transport at the named place of destination within a specified date range. The seller bears all costs and risk involved in bringing the goods including all costs & risks of carrying out customs formalities including the payment of duties, taxes, and fees. This term puts maximum obligation on the seller.

FAS (Free Alongside Ship) — This term can be used for ocean transport only. The seller delivers when the goods are placed alongside the vessel at the named port of shipment. The seller is required to clear the goods for export. The buyer must to bear all costs and risks to the goods from that moment forward.

FOB (Free on Board) — This term can be used for ocean transport only. The seller delivers when the goods pass onto the ship at the named port. The seller must clear the goods for export. The buyer must bear all costs and risks of the goods from that point. This term is like FCA with the exception that good must pass onto the vessel to be considered FOB.

CFR (Cost and Freight) — This term can be used for ocean transport only. This term means the seller delivers when the goods pass the ship's rail in the port of shipment. Seller must pay the costs of freight and export clearance necessary to bring the goods to the named port of destination, however the risk occurring after the time of delivery are transferred from seller to buyer. The buyer is responsible for everything once good arrive at port of destination.

CIF (Cost Insurance and Freight) — This term can be used for ocean transport only and is similar to CFR. This term means the seller delivers when the goods pass the ship's rail in the port of shipment. Seller must pay the costs of freight and export clearance necessary to bring the goods to the named port of destination, as well as marine insurance against buyer's risk of loss. The buyer is responsible for everything once good arrive at port of destination.

ALL MODES OF TRANSPORT

SEA & INLAND WATERWAYS

**New 2020 Incoterm



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Incoterms® Structure: Incoterms are often shown as a three-letter acronym, however a complete Incoterm names a location and the edition of Incoterms being referenced. An example could be: “FOB, Port Philadelphia, Incoterms 2020”

Locations

