

Trade Terms

Incoterms - 2010

The purpose of *Incoterms* is to provide a set of international rules for the interpretation of the most commonly used trade terms for foreign trade. *Incoterms* are published by the International Chamber of Commerce (ICC).

Term	Description	Place of Transfer
<u>EXW</u>	Ex-Works	(.... named place)
<u>FCA</u>	Free-Carrier	(.... named place)
<u>FAS</u>	Free Alongside Ship	(.... named port of shipment)
<u>FOB</u>	Free On Board	(.... named port of shipment)
<u>CFR</u>	Cost & Freight	(.... named port of destination)
<u>CIF</u>	Cost, Insurance and Freight	(.... named port of destination)
<u>CPT</u>	Carriage Paid To	(.... named place of destination)
<u>CIP</u>	Carriage, Insurance Paid To	(.... named place of destination)
<u>DAP</u>	Delivered At Place	(.... named place)
<u>DDU</u>	Delivered Duty Unpaid	(.... named place of destination)
<u>DDP</u>	Delivered Duty Paid	(.... named place of destination)

[TOP](#)

EXW - Ex-Works

Ex-works means that the seller's responsibility to deliver the goods to the buyer is completed when the seller has made the goods available to the buyer at the seller's premises. The seller is not responsible for loading them on vehicles provided by the buyer or clearing them for export. The buyer bears the cost and risks in the transport of the goods from the seller's works to the destination. This term provides the minimum obligations on a seller.

FCA - Free-Carrier

Free-Carrier means the seller's responsibility is to hand the goods over to the carrier at the place indicated in the shipping terms, cleared for export. This can involve some transportation at the seller's cost from the factory to the carrier. Sellers may, and commonly do, act as buyers' agents in arranging transportation at buyers' cost. Used for any mode of transport (air, sea, rail, truck or multimodal), the carrier is the transporter, including a freight forwarder, if the buyer designates a forwarder to receive the goods.



FAS - Free Alongside Ship

Free Alongside Ship means the seller's responsibilities are completed when the goods have been placed alongside the ship on the quay or in lighters at the named place of transfer. The buyer bears all costs and risks of loss or damage to the goods from that moment. Unlike FCA and FOB, this term does not require the seller to clear the goods for export. "Alongside" means within reach of the carrying ship's tackle. This term should only be used for ocean or inland water transportation.

FOB - Free On Board

Free On Board means the seller's responsibilities are completed when the goods, cleared for export, are placed on board a ship by the seller at the named place of transfer. The risk of loss or damage to the goods is transferred from the seller to the buyer when the goods pass the ship's rail. This term should only be used for ocean or inland water transportation. If other transportation modes are used, or if the ship's rail serves no purpose in delineating the passage of title, such as with container, roll-on/roll-off cargo, then FCA is the closest equivalent term.



CFR - Cost & Freight

Cost & Freight means the seller must clear the goods for export and pay the costs and freight necessary to bring them to the named place of transfer, but the risk of loss or damage to the goods, and any cost increases, is transferred to the buyer when the goods pass the ship's rail in the port of shipment. This term is properly used only for waterway transportation (sea or inland). If other modes are used, or if the ship's rail serves no purpose in delineating the passage of title, such as with container, roll-on/roll-off cargo, then CPT (Carriage paid to...) is the closest equivalent term.

CIF - Cost, Insurance and Freight

Cost, Insurance and Freight is similar to the term CFR (Cost & Freight), but the seller must also procure marine insurance on the buyer's behalf. The seller contracts with the insurer and pays the insurance premium, although the buyer has the risk of loss from the time the goods pass the ship's rail in the port of shipment. This term is properly used only for waterway transportation (sea or inland). CIP (Carriage and insurance paid) is the closest equivalent term for other transportation modes.



TOP

CPT - Carriage Paid To

Carriage Paid To is equivalent to CFR (or C&F) for transportation other than by ship.

**CIP - Carriage, Insurance Paid To**

Carriage, Insurance Paid To is equivalent to CIF for transportation other than by ship.

DAP - Delivered At Place

Delivered At Place means the seller completes his responsibilities when the goods, cleared for export, are made available at the named place. The named place is before the destination customs border is reached, so the buyer must clear the goods through his customs. The seller bears all costs and risks to that point. This term can be used when goods are shipped by any method, It is useful when shipping to a bonded customs warehouse or a free trade zone.

**DDU - Delivered Duty Unpaid**

Delivered Duty Unpaid means that the seller must handle everything, to deliver the goods to the named place except Customs clearance at the country of destination. The buyer is responsible for payment of duties and taxes.

DDP - Delivered Duty Paid

Delivered Duty Paid means that the seller must handle everything, including Customs clearance, to deliver the goods to the named place. Since the named place is usually the buyer's own place, the seller arranges and pays for every step of the way. This term provides the maximum obligations on a seller.

We would be happy to provide advice concerning the correct usage of *Incoterms* and the most appropriate term to suit your particular requirements.

Atlas Forwarding “A world above the rest”