

Common Incoterms

<u>Term</u>	<u>Description</u>	<u>Mode of Transport</u>
EXW	Ex-Works	All
FCA	Free Carrier (Named Point)	All
FAS	Free Alongside Ship	Sea
FOB	Free On Board	All
CRF (C&F)	Cost & Freight	All
CIF	Cost, Insurance & Freight	All
CPT	Carriage Paid To (Named Place)	All
CIP	Carriage, Insurance Paid To (Named Place)	All
DAF	Delivered At Frontier (Named Place)	Land
DES	Delivered Ex-Ship	Sea
DEQ	Delivered Ex-Quay	Sea
DDU	Delivered Duty Unpaid (Named Place)	All
DDP	Delivered Duty Paid	All

Definitions of Terms:

EXW Ex-Works

Seller's only responsibility is to make goods available at their premises. No responsibility for loading goods on buyer's vehicle or clearing them for export unless agreed with buyer. Buyer bears full cost and risk of taking goods from seller's works to destination. This is the minimum obligation of seller.

FCA Free Carrier (Named Point)

Used with any form of transport, i.e. air, sea, road, rail, etc. Similar to FOB except seller fulfills obligations by delivering into the custody of the carrier at named point. Seller must hand goods, cleared for export, over to carrier at point nominated in the shipping terms. Where delivery takes place at seller's premises, seller is responsible for loading.

FAS Free Alongside Ship

Properly used only for ocean or inland water transport. Seller responsible for placing goods alongside ship on the quay or in lighters at nominated port. Buyer bears all costs and risks of loss or damage to goods from this point. Unlike FOB, FAS requires buyer to clear goods for export.

FOB Free On Board

Properly used only for ocean or inland water transport (but commonly used for airfreight as well). Seller required to place goods on board ship at nominated port in contract. Buyer assumes risk of loss/damage to the goods once they pass ship's rail. In other modes of transport, or if ship's rail is not point at which Seller transfers ownership to Buyer, i.e. with container or roll-on/roll-off cargo-FCA is closest equivalent term.

CFR (C&F) Cost & Freight

Seller must clear goods for export and pay costs and freight to bring goods to nominated destination in sales contract. Buyer assumes risk of loss or damage, along with any cost increases, once goods pass ship's rail in port of shipment. Another term properly used only for transport by water (sea or inland). CPT (Carriage Paid To) is closest equivalent for non-transport by water shipments.

CIF Cost, Insurance & Freight

Similar to CFR except seller must insure goods against risk of loss or damage during transit. Also applies only to transport by water (sea or inland). CIP (Carriage, Insurance Paid To) is closest equivalent term for other modes of transport.

CPT Carriage Paid To (Named Place)

Can be used with any form of transport, i.e. air, sea, road, rail. Seller must clear goods for export and pay costs and freight necessary to carry to named destination. Buyer assumes risk of loss or damage to goods plus any costs increases, once first carrier has received goods.

CIP Carriage, Insurance Paid To (Named Place)

As per CPT except Seller must pay insurance.

DAF Delivered At Frontier (Named Place)

Term designed for rail or road transport but can be used when goods shipped by any method. (Useful when shipping to bonded Customs Warehouse or Free Trade Zone). Seller fulfills obligations once goods, cleared for export, are made available at named point, which will be before destination Customs border. Buyer must clear goods through Customs.

DES Delivered Ex-Ship

Term normally used for commodity shipments by sea. Buyer assumes risks and costs once ship reaches named destination, but before goods are cleared for import.

DEQ Delivered Ex-Quay

Also normally used for commodity shipments by sea. Buyer assumes risk and costs on quay at named destination. Seller responsible for discharge costs. Buyer responsible for import clearance.

DDU Delivered Duty Unpaid (Named Place)

Seller handles everything necessary to deliver goods to nominated point (usually buyers premises) except Customs clearance at destination country. Buyer pays duties/taxes.

DDP Delivered Duty Paid (Named Place)

Same as DDU except for fact that Seller is responsible for Customs clearance and Seller is responsible for payment of duties/taxes. Common alternative is "DDP exclusive of duties/taxes"