



Incoterms 2011

By the international chamber of commerce (ICC)

TRANSPORT OBLIGATIONS, COSTS AND RISKS

RULER FOR ANY MODE OR MODES OF TRANSPORT

Departure

Main carriage not paid by seller

EXW

Ex Works (named place of delivery)

The seller minimises the risk by only making the goods available at its own premises.



FCA

Free Carrier (named place of delivery)

Unless otherwise agreed, the seller arranges and pays for any pre-carriage up to the point of delivery.



Main carriage paid by seller

CPT

Carriage paid to (named place of destination)

Seller contracts for main carriage up to the point of delivery.



CIP

Carriage and Insurance Paid to (named place of destination)

In addition to the obligation under CPT, the seller also contracts for insurance up to the named place/point of destination.



Arrival

DAT

Delivered at terminal (named terminal at port of place of destination)

Seller undertakes to place the goods at the disposal of the buyer unloaded from the arriving means of transport at the agreed place/point of destination.



DAP

Delivered at place (named place of destination)

Seller undertakes to place the goods at the disposal of the buyer ready for unloading by the buyer at the agreed place/point of destination.



DDP

Delivered duty paid (named place of destination)

Seller undertakes to place the goods at the disposal of the buyer ready for unloading by the buyer at the agreed place/point of destination and to clear the goods for import and pay duty and other official charges (unless otherwise agreed).



RULES FOR SEA AND INLAND WATERWAY TRANSPORT

Main carriage not paid by seller

FAS

Free Alongside Ship (named port of shipment)

Seller undertakes to place the goods alongside the ship nominated by the buyer.



FOB

Free on Board (Named port of shipment)

Seller undertakes to place the goods on board the ship nominated by the buyer.



Main carriage paid by seller

CFR

Cost and Freight (named port of destination).

Seller arranges and pays for contract of carriage to the named port of destination.



CIF

Cost, Insurance and Freight (named port of destination)

In addition to obligations under CFR, the seller also contracts for insurance up to the named port of destination.



RULES FOR ANY MODE OR MODES OF TRANSPORT

EXW	EX WORKS
FCA	FREE CARRIER
CPT	CARRIAGE PAID TO
CIP	CARRIAGE AND INSURANCE PAID TO
DAT	DELIVERED AT TERMINAL
DAP	DELIVERED AT PLACE
DDP	DELIVERED DUTY PAID

RULES FOR SEA AND INLAND WATERWAY TRANSPORT

FAS	FREE ALONGSIDE SHIP
FOB	FREE ON BOARD
CFR	COST AND FREIGHT
CIF	COST INSURANCE AND FREIGHT

Rules for any mode or modes of transport

EXW EX WORKS

This rule may be used irrespective of the mode of transport selected and may also be used where more than one mode of transport is employed. It is suitable for domestic trade, while FCA is usually more appropriate for international trade.

“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 (i.e., 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.

The parties are well advised to specify as clearly as possible at the point within the named place of delivery, as costs and risks to that point are for the account of the seller. The buyer bears all costs and risks involved in taking the goods from the agreed point, if any, at the named place of delivery.

EXW represents the minimum obligation for the seller. The rule should be used with care as:

- a) The seller has no obligation to the buyer to load the goods, even though in practice the seller may be in a better position to do so. If the seller does load the goods, it does so at the buyers risk and expense. In cases where the seller is in a better position to load the goods, FCA, which obligates the seller to do so at its own risk and expense, is usually more appropriate.
- b) A buyer who buys from a seller on an EXW basis for export needs to be aware that the seller has an obligation to provide only such assistance as the buyer may require to effect that export: the seller is not bound to organise the export clearance. Buyers are therefore well advised not to use the EXW if they can not directly or indirectly obtain export clearance.
- c) The buyer has limited obligation to provide to the seller any information regarding the export of the goods. However, the seller may need this information for, e.g., taxation or reporting purposes.

FCA FREE CARRIER

This rule may be use irrespective of the mode of transport selected and may also be used where more than one mode of transport is employed.

“Free Carrier” means that the seller delivers 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.

If the parties intend to deliver the goods at the seller’s premises, they should identify the address of those premises as the named place of delivery. If, on the other hand, the parties intend the goods to be delivered at another place, they must identify a different specific place of delivery.

FCA requires the seller to clear the goods for export, where applicable. However, the seller has no obligation to clear the goods for import, pay nay import duty or carry out any import customs formalities.

CPT CARRIAGE PAID TO

This rule may be use irrespective of the mode of transport selected and may also be used where more than one mode of transport is employed.

“carriage paid to” means that the seller delivers the gods to the carrier or another person nominated by the seller at an agreed place (if any such place is agreed between the parties) and the seller must contract for and pay the costs of the carriage necessary to bring the goods to the named place of destination.

When CPT, CIP, CFR or CIF are used, the seller fulfils its obligation to deliver when it hands the goods to the carrier and not when the goods reach the place of destination.

This rule has two critical points, because risk passes and costs are transferred at different places. The parties are well advised to identify as precisely as possible in the contract both the place of delivery, where the risk passes to the buyer, and the named place of destination to which the seller must contract for the carriage. If several carriers are used for the carriage to the agreed destination and the parties do not agree on a specific point of delivery, the default position is that the risk passes when the goods have been delivered to the first carrier at a point of entirely the seller’s choosing and over which the buyer has no control. Should the parties the risk to pass at a later stage (e.g., at an ocean port or airport), they need to specify this in their contract of sale.

The parties are also well advised to identify as precisely as possible the point within the agreed place of destination, as the costs to that point are for the account of the seller. The seller is advised to procure contracts of carriage that match this choice precisely. If the seller incurs costs under its contract of carriage related to unloading at the named place of

destination, the seller is not entitled such cost from the buyer unless otherwise agreed between the parties.

CPT requires the seller to clear the goods for export, where applicable. However, the seller has no obligation to clear the goods for import, pay any import duty or carry out any import customs formalities.

CIP CARRIAGE AND INSURANCE PAID TO

This rule may be use irrespective of the mode of transport selected and may also be used where more than one mode of transport is employed.

“carriage and insurance 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 and pay for the costs of carriage necessary to bring the goods to the named place of destination.

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 the CIP the seller is required to obtain insurance only on a minimum cover. Should the buyer wish to have more insurance protection, it will need to either agree as much expressly with the seller or to make its own extra insurance arrangements.

When CPT, CIP, CFR or CIF are used, the seller fulfils its obligation to deliver when it hands the goods to the carrier and not when the goods reach the place of destination.

This rule has two critical points, because risk passes and costs are transferred at different places. The parties are well advised to identify as precisely as possible in the contract both the place of delivery, where the risk passes to the buyer, and the named place of destination to which the seller must contract for the carriage. If several carriers are used for the carriage to the agreed destination and the parties do not agree on a specific point of delivery, the default position is that the risk passes when the goods have been delivered to the first carrier at a point of entirely the seller’s choosing and over which the buyer has no control. Should the parties the risk to pass at a later stage (e.g., at an ocean port or airport), they need to specify this in their contract of sale.

DAT DELIVERED AT TERMINAL

This rule may be use irrespective of the mode of transport selected and may also be used where more than one mode of transport is employed.

“Delivered at terminal” means that the seller delivers when the goods, once unloaded from the arriving means of transport, are placed at the disposal of the buyer at named terminal at the named port or place of destination. “Terminal” includes any place, whether covered or not, such as quay, warehouse, container yard or road, rail or air cargo terminal. The seller bears all risks involved in bringing the goods to and unloading them at the terminal at the named port or place of destination.

The parties are well advised to specify as clearly as possible the terminal and, if possible a specific point within the terminal at the agreed point or place of destination, as the risks to that point are for the account of the seller. The seller is advised to produce a contract of carriage that matches this choice precisely.

Moreover, if the parties intend the seller to bear the risks and costs involved in transporting and handling the goods from the terminal to another place, then the DAP or DDP rules should be used.

DAT requires the seller to clear the goods for export, where applicable. However, the seller has no obligation to clear the goods for import, pay any import duty or carry out any customs formalities.

DAP DELIVERED AT PLACE

This rule may be used irrespective of the mode of transport selected and may also be used where more than one mode of transport is employed.

“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.

The parties are well advised to specify as clearly as possible the point within the agreed place of destination, as the risks to that point are for account of the seller. The seller is advised to procure contracts of carriage that match this choice precisely. If the seller incurs cost under its contract of carriage related to unloading at the place of destination, the seller is not entitled to recover such costs from the buyer unless otherwise agreed between the parties.

DAP requires the seller to clear the goods for export, where applicable. However, the seller has no obligation to clear the goods for import, pay any import duty or carry out any import customs formalities, the DDP term should be used.

DDP DELIVERED DUTY PAID

This rule may be used irrespective of the mode of transport selected and may also be used where more than one mode of transport is employed.

“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 cost and risks involved in bringing the goods to the place of destination and has no 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 customs formalities.

DDP represents the maximum obligation for the seller.

The parties are well advised to specify as clearly as possible the point within the agreed place of destination, as the costs and risks to that point are for account of the seller. The seller is advised to procure contracts of carriage that match this choice precisely. If the seller incurs cost under its contract of carriage related to unloading at the place of destination, the seller is not entitled to recover such costs from the buyer unless otherwise agreed between the parties. The parties are well advised not to use DDP if the seller is unable directly or indirectly to obtain import clearance.

If the parties wish the buyer to bear all risks and costs of import clearance the DAP rule should be used.

Any VAT or other taxes payable upon import are for the seller's account unless expressly agreed otherwise in the sale contract.

Rules for sea and inland waterway transport

FAS FREE ALONGSIDE SHIP

This rule is to be used only for sea or inland waterway transport.

“Free alongside ship” means that the seller delivers when the goods are placed alongside the vessel (e.g., on a quay or a barge) nominated by the buyer at the named port of shipment. The risk of loss or damage to the goods passes when the goods are alongside the ship, and the buyer bears all costs from that moment onwards.

The parties are well advised to specify as clearly as possible the loading point at the named port of shipment, as the costs and risks to that point are for the account of the seller and these costs and associated handling charges may vary according to the practice of the port.

The seller is either required to deliver the goods alongside the ship or to procure goods already delivered for shipment. The reference to “procure” here caters for multiple sales down a chain (‘string sales’), particularly common in the commodity trades.

Where the goods are in container, it is typical for the seller to hand the goods over to the carrier at a terminal and not alongside the vessel. In such situations, the FAS rule would be inappropriate, and the FCA rule should be used.

FAS requires the seller to clear the goods for export, where applicable. However the seller has no obligation to clear the goods for import, pay any import duty or carry out any import customs formalities.

FOB FREE ON BOARD

This rule is to be used only for sea or inland waterway transport.

“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 or damage to the goods passes when the goods are on board the vessel, and the buyer bears all costs from that moment onwards.

The seller required either to deliver the goods on board the vessel or procure goods already so delivered for shipment. The reference to “procure” here caters for multiple sales down a chain (‘string sales’), particularly common in the commodity trades.

FOB may not be appropriate where goods are handed over to the carrier before they are on board the vessel, for example goods in containers, which are typically delivered at a terminal. In such situations, the FCA should be used.

FOB requires the seller to clear the goods for export, where applicable. However the seller has no obligation to clear the goods for import, pay any import duty or carry out any import customs formalities.

CFR COST AND FREIGHT

This rule is to be used only for sea or inland waterway transport.

“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 or damage to the goods passes when the goods are on board the vessel. The seller must contract for and pay the cost and freight necessary to bring the goods to the named port or destination.

When CPT, CIP, CFR or CIF are used, the seller fulfils its obligation to deliver when it hands the goods over to the carrier in the manner specified in the chosen rule and not when the goods reach the place of destination.

This rule has two critical points, because risk passes and costs are transferred at different places. While the contract will always specify a destination port, it might not specify the port of shipment, which is where risk passes to the buyer. If the shipment port is of particular interest to the buyer, the parties are well advised to identify it as precisely as possible in the contract.

The parties are well advised to identify as precisely as possible the point at the agreed point of destination, as the costs to that point are for the account of the seller. The seller is advised to procure contracts of carriage that match this choice precisely. If the seller incurs costs under its contract of carriage related to unloading at the specified point at the port of destination, the seller is not entitled to recover such costs from the buyer unless otherwise agreed between parties.

The seller is required to either deliver the goods on board the vessel or to procure the goods already delivered for shipment to the destination. In addition, the seller is required either to

make a contract of carriage or to procure such a contract. The reference to 'procure' here caters for multiple sales down a chain ('string sales'), particularly common in the commodity trades.

CFR may not be appropriate where goods are handed over to the carrier before they are on board the vessel, for example goods in containers, which are typically delivered at a terminal. In such circumstances, the CPT rule should be used.

CFR requires the seller to clear the goods for export, where applicable. However the seller has no obligation to clear the goods for import, pay any import duty or carry out any import customs formalities.

CIF COST INSURANCE AND FREIGHT

This rule is to be used only for sea or inland waterway transport.

"Cost insurance and freight" means that the seller delivers the goods on board the vessel or procures the goods already so delivered. The risk of loss 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.

The seller also contracts for insurance cover against the buyer's risk of loss 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 to either agree as much expressly with the seller or to make its own extra insurance arrangements.

When CPT, CIP, CFR or CIF are used, the seller fulfils its obligation to deliver when it hands the goods over to the carrier in the manner specified in the chosen rule and not when the goods reach the place of destination.

This rule has two critical points, because risk passes and costs are transferred at different places. While the contract will always specify a destination port, it might not specify the port of shipment, which is where risk passes to the buyer. If the shipment port is of particular interest to the buyer, the parties are well advised to identify it as precisely as possible in the contract.

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CIF may not be appropriate where goods are handed over to the carrier before they are on board the vessel, for example goods in containers, which are typically delivered at a terminal. In such circumstances, the CIP rule should be used.

CFR requires the seller to clear the goods for export, where applicable. However the seller has no obligation to clear the goods for import, pay any import duty or carry out any import customs formalities.

