



Incoterm

Incoterms or international commercial terms are a series of international sales terms that are widely used throughout the world. They are used to divide transaction costs and responsibilities between buyer and seller and reflect state-of-the-art transportation practices. They closely correspond to the U.N. Convention on Contracts for the International Sale of Goods.

Incoterms deal with the questions related to the delivery of the products from the seller to the buyer. This includes the carriage of products, export and import clearance responsibilities, who pays for what, and who has risk for the condition of the products at different locations within the transport process. Incoterms are always used with a geographical location and do not deal with transfer of title.

They are devised and published by the International Chamber of Commerce (ICC). The English text is the original and official version of Incoterms 2000, which have been endorsed by the United Nations Commission on International Trade Law (UNCITRAL). Authorized translations into 31 languages are available from ICC national committees.

- Group E - Departure:
 - EXW. Ex Works (named place): the seller makes the goods available at his premises.
- Group F - Main Carriage Unpaid:
 - FCA. Free Carrier (named place): the seller hands over the goods, cleared for export, into the custody of the first carrier (named by the buyer) at the named place. This term is suitable for all modes of transport, including carriage by air, rail, road, and containerised / multi-modal transport.
 - FAS. Free Alongside Ship (named loading port): free Alongside Ship: the seller must place the goods alongside the ship at the named port. The seller must clear the goods for export; this changed in the 2000 version of the Incoterms. Suitable for maritime transport only.
 - FOB. Free On Board (named loading port): the classic maritime trade term, Free On Board: seller must load the goods on board the ship nominated by the buyer, cost and risk being divided at ship's rail. The seller must clear the goods for export. Maritime transport only.
- Group C - Main Carriage Paid:
 - CFR. Cost and Freight (named destination port): seller must pay the costs and freight to bring the goods to the port of destination. However, risk is transferred to the buyer once the goods have crossed the ship's rail. Maritime transport only.
 - CIF. Cost, Insurance and Freight (named destination port): exactly the same as CFR except that the seller must in addition procure and pay for insurance for the buyer. Maritime transport only.
 - CPT. Carriage Paid To (named place of destination): the general/containerised/multimodal equivalent of CFR. The seller pays for carriage to the named point of destination, but risk passes when the goods are handed over to the first carrier.
 - CIP. Carriage and Insurance Paid to (named place of destination): the containerised transport/multimodal equivalent of CIF. Seller pays for carriage and insurance to the named destination point, but risk passes when the goods are handed over to the first carrier.
- Group D - Arrival:
 - DAF. Delivered At Frontier (named place)
 - DES. Delivered Ex Ship (named port)
 - DEQ. Delivered Ex Quay (named port)
 - DDU. Delivered Duty Unpaid (named destination place)
 - DDP. Delivered Duty Paid (named destination place)

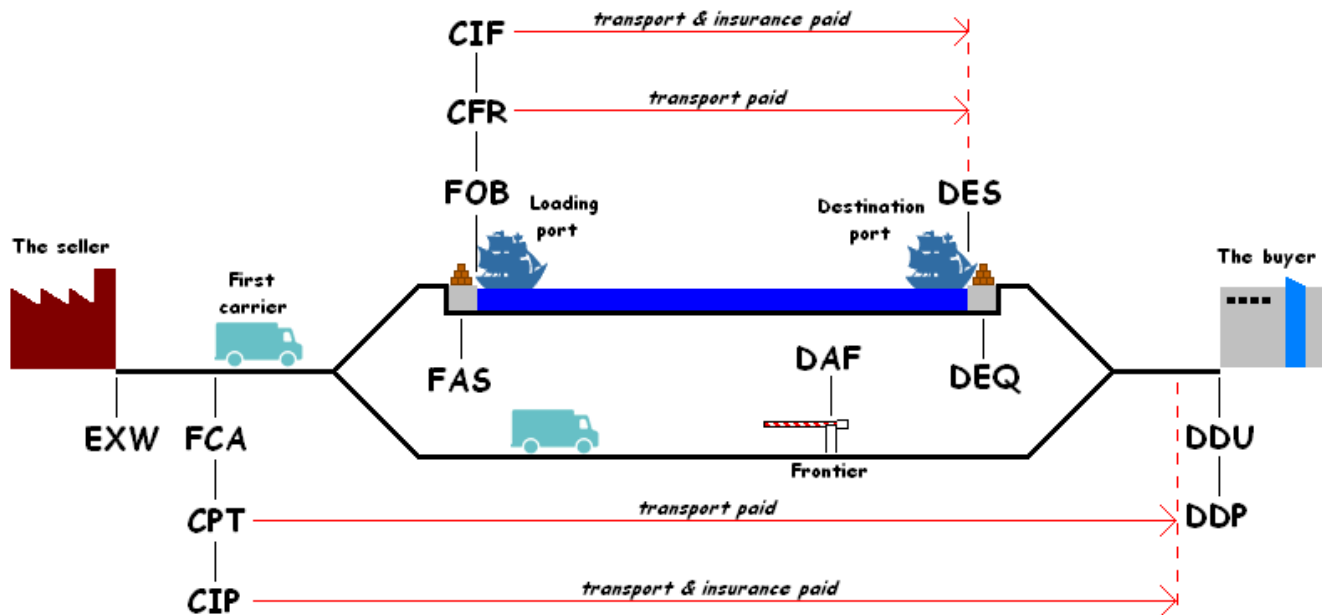
Seller's payment responsibility

For a given term, "Yes" indicates that the seller has the responsibility to provide the service included in the price. "No"

indicates it is the buyers responsibility. If insurance is not included in the term (for example, CIF) then insurance for transport is the responsibility of the buyer.

	Load to truck	Export-duty payment	Transport to exporter's port	Unload to truck at destination's port	Landing charges at destination's port	Transport to importer's port	Landing charges at importer's port	Unload onto trucks from importers' port	Transport to destination	Insurance	Entry -Customs clearance
EXW	No	No	No	No	No	No	No	No	No	No	No
FCA	Yes	Yes	Yes	No	No	No	No	No	No	No	No
FAS	Yes	Yes	Yes	Yes	No	No	No	No	No	No	No
FOB	Yes	Yes	Yes	Yes	Yes	No	No	No	No	No	No
CFR	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	No	No
CIF	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	Yes	No
CPT	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	No	No
CIP	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	Yes	No
DAF	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	No	No
DDU	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No
DDP	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Incoterms 2000: Transfer of risk from the seller to the buyer



See also

- Geographical pricing

References

- International Chamber of Commerce (ICC) incoterm list (<http://www.iccwbo.org/incoterms/id3040/index.html>)
 - www.incoterms.tk (<http://www.incoterms.tk>)
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