



Guide to Incoterms® 2020

from aklogisticsandsupplychain.com

■ Seller ■ Buyer ⚠ Risk Transfer



RULES FOR ANY MODE(S) OF TRANSPORT

| Incoterm | Sellers Named Place | Insurance | First Carrier | Alongside Ship | Loading Port | Transport | Destination Port | Customs Import Duty | Delivered ready to unload | Unloaded at Destination |
|--|---------------------|-----------|---------------|----------------|--------------|-----------|------------------|---------------------|---------------------------|-------------------------|
| EXW Ex Works | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer |
| FCA Free Carrier | Seller | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer |
| CPT Carriage Paid To | Seller | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer |
| CIP Carriage and Insurance Paid To | Seller | Seller | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer |
| DAP Delivered At Place | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Buyer | Buyer |
| DDP Delivered Duty Paid | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Buyer |
| DPU Delivered At Place Unloaded | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Seller | Buyer |

RULES FOR SEA AND INLAND WATERWAY TRANSPORT

| Incoterm | Sellers Named Place | Insurance | First Carrier | Alongside Ship | Loading Port | Transport | Destination Port | Customs Import Duty | Delivered ready to unload | Unloaded at Destination |
|---|---------------------|-----------|---------------|----------------|--------------|-----------|------------------|---------------------|---------------------------|-------------------------|
| FAS Free Alongside Ship | Seller | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer |
| FOB Free On Board | Seller | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer |
| CFR Cost and Freight | Seller | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer |
| CIF Cost, Insurance and Freight | Seller | Seller | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer | Buyer |

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EXW - EX WORKS means that the seller delivers the goods to the buyer when it places the goods at the disposal of the buyer at a named place (like a factory or warehouse), and that named place may or may not be the seller's premises. For delivery to occur, 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.

FCA - FREE CARRIER means that the seller delivers the goods to the buyer in one or other of two ways:

- First, when the named place is the seller's premises, the goods are delivered when they are loaded on the means of transport arranged by the buyer.
- Second, when the named place is another place, the goods are delivered when, having been loaded on the seller's means of transport, they reach the named other place and are ready for unloading from that seller's means of transport and at the disposal of the carrier or of another person nominated by the buyer.

Whichever of the two is chosen as the place of delivery, that place identifies where risk transfers to the buyer and the time from which costs are for the buyer's account.

CPT - CARRIAGE PAID TO means that the seller delivers the goods – and transfers the risk - to the buyer by handing them over to the carrier contracted by the seller or by procuring the goods so delivered. The seller may do so by giving the carrier physical possession of the goods in the manner and at the place appropriate to the means of transport used. Once the goods have been delivered to the buyer in this way, the seller does not guarantee that the goods will reach the place of destination in sound condition, in the stated quantity or indeed at all. This is because risk transfers from seller to buyer when the goods are delivered to the buyer by handing them over to the carrier; the seller must nonetheless contract for the carriage of the goods from delivery to the agreed destination.

CIP - CARRIAGE AND INSURANCE PAID TO means that the seller delivers the goods – and transfers the risk - to the buyer by handing them over to the carrier contracted by the seller or by procuring the goods so delivered. The seller may do so by giving the carrier physical possession of the goods in the manner and at the place appropriate to the means of transport used. Once the goods have been delivered to the buyer in this way, the seller does not guarantee that the goods will reach the place of destination in sound condition, in the stated quantity or indeed at all. This is because risk transfers from seller to buyer when the goods are delivered to the buyer by handing them over to the carrier; the seller must nonetheless contract for the carriage of the goods from delivery to the agreed destination.

DAP - DELIVERED AT PLACE means that the seller delivers the goods – and transfers risk - to the buyer 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 or at the agreed point within that place, if any such point is agreed. The seller bears all risks involved in bringing the goods to the named place of destination or to the agreed point within that place. In this Incoterms rule, therefore, delivery and arrival at destination are the same.

DDP - DELIVERED DUTY PAID means that the seller delivers the goods to the buyer 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 or at the agreed point within that place, if any such point is agreed. The seller bears all risks involved in bringing the goods to the named place of destination or to the agreed point within that place. In this Incoterms rule, therefore, delivery and arrival at destination are the same.

DPU - DELIVERED AT PLACE UNLOADED means that the seller delivers the goods – and transfers risk - to the buyer when the goods, once unloaded from the arriving means of transport, are placed at the disposal of the buyer at a named place of destination or at the agreed point within that place, if any such point is agreed. The seller bears all risks involved in bringing the goods to and unloading them at the named place of destination. In this Incoterms rule, therefore, the delivery and arrival at destination are the same. DPU is the only Incoterms rule that requires the seller to unload goods at destination. The seller should therefore ensure that it is in a position to organise unloading at the named place. Should the parties intend the seller not to bear the risk and cost of unloading, the DPU rule should be avoided and DAP should be used instead.

FAS - FREE ALONGSIDE SHIP means that the seller delivers the goods to the buyer when the goods are placed alongside the ship (e.g. on a quay or a barge) nominated by the buyer at the named port of shipment or when the seller procures goods already so delivered. The risk of loss of or damage to the goods transfers when the goods are alongside the ship, and the buyer bears all costs from that moment onward.

FOB - FREE ON BOARD means that the seller delivers the goods to the buyer 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 of or damage to the goods transfers when the goods are on board the vessel, and the buyer bears all costs from that moment onwards.

CFR - COST AND FREIGHT means that the seller delivers the goods to the buyer on board the vessel or procures the goods already so delivered. The risk of loss of or damage to the goods transfers when the goods are on board the vessel, such that the seller is taken to have performed its obligation to deliver the goods whether or not the goods actually arrive at their destination in sound condition, in the stated quantity or, indeed, at all. In CFR, the seller owes no obligation to the buyer to purchase insurance cover: the buyer would be well advised therefore to purchase some cover for itself.

CIF - COST INSURANCE AND FREIGHT means that the seller delivers the goods to the buyer on board the vessel or procures the goods already so delivered. The risk of loss of or damage to the goods transfers when the goods are on board the vessel, such that the seller is taken to have performed its obligation to deliver the goods whether or not the goods actually arrive at their destination in sound condition, in the stated quantity or, indeed, at all