

Incoterms 2000

EXW - EX WORKS (...NAMED PLACE)

"Ex Works" means that the seller delivers when he places the goods at the disposal of the buyer at the seller's premises or another named place (i.e. works, factory, Warehouse, etc.) not cleared for export and not loaded on any collecting vehicle.

This term thus represents the minimum obligation for the seller, and the buyer has to bear all costs and risks involved in taking the goods from the seller's premises.

FCA - FREE CARRIER (...NAMED PLACE)

"Free Carrier" means that the seller delivers the goods, cleared for export, to the carrier nominated by the buyer at the name placed.

It should be noted that the chosen place of delivery has an impact on the obligations of loading and unloading the goods at that place.

If delivery occurs at the seller's premises, the seller is responsible for loading.

If delivery occurs at any other place, the seller is not responsible for unloading.

FAS - FREE ALONGSIDE SHIP (...NAMED PORT OF SHIPMENT)

"Free alongside Ship" means that the seller delivers when the goods are placed alongside the vessel at the named port of shipment.

This means that the buyer has to bear all costs and risks of losses of damage to the goods from that moment.

FOB - FREE ON BOARD (...NAMED PORT OF SHIPMENT)

"Free on Board" means that the seller delivers when the goods pass the ship's rail at the named port of shipment, this means that the buyer has to bear all costs and risk of loss of or damage to the goods from that point.

The FOB term requires the seller to clear the goods for export. This term can be used only for sea or inland waterway transport.

CFR - COST AND FREIGHT (...NAMED PORT OF SHIPMENT)

"Cost and Freight" means that the seller delivers when the goods pass the ship's rail in the port of shipment.

The seller must pay the costs and freight necessary to bring the goods to the named port of destination BUT risk of loss or damage to the goods, as well as any additional costs due to events occurring after the time of delivery, are transferred from the seller to the buyer.

The CFR term requires the seller to clear the goods for export

CPT - CARRIAGE PAID TO (...NAMED PLACE OF DESTINATION)

"Carriage paid to..." means that the seller delivers the goods to the carrier nominated by him but the seller must in addition pay the cost of carriage necessary to bring the goods to the named destination.

This means that the buyer bears all risks and any other costs occurring after the goods have been delivered.

CIF - COST, INSURANCE AND FREIGHT (...NAMED PORT OF DESTINATION)

"Cost, Insurance and Freight" means that the seller delivers when the goods pass the ship's rail in the port of shipment.

The seller must pay the costs and freight necessary to bring the goods to the named port of destination BUT the risk of loss or damage to the goods, as well as any additional costs due to events occurring after the time of delivery, are transferred from the seller to the buyer,

However, in CIF the seller also has to procure marine insurance against the buyer's risk of loss of or damage to the goods during carriage.

Consequently, the seller contracts for insurance and pays the insurance premium. The buyer should note that under CIF term, the seller is required to obtain insurance only on minimum cover. Should the buyer wish to have the protection of greater cover, he would either need to agree as much expressly with the seller or to make his own extra insurance arrangement

CIP - CARRIAGE AND INSURANCE PAID TO (...NAMED PLACE OF DESTINATION)

"Carriage and Insurance paid to..." means that the seller delivers the goods to the carrier nominated by him, but the seller must in addition pay the cost of carriage necessary to bring the goods to the named destination.

This means that the buyer bears all risks and any other costs occurring after the goods have been so delivered.

However, in CIP the seller also has to produce insurance against the buyer's risk of loss of or damage to the goods during the carriage.

DAF - DELIVERED AT FRONTIER (...NAMED PLACE)

"Delivered at Frontier" means that the seller delivers when the goods are placed at the disposal of the buyer on the arriving means of transport not unloaded, cleared for export but not cleared for import at the named point and place at the frontier, but before the customs border of the adjoining country.

The term "frontier" may be used for any frontier including that of the country of export.

Therefore, it is of vital importance that the frontier in question be defined precisely by always naming the point and place in the term.

DES - DELIVERED EX SHIP (...NAMED PORT OF DESTINATION)

"Ex Ship" means that the seller delivers when the goods are placed at the disposal of the buyer on board the ship not cleared for import at the named port of destination.

The seller has to bear all costs and risk involved in bringing the goods to the named port of destination before discharging.

DEQ - DELIVERED EX QUAY (...NAMED PORT OF DESTINATION)

"Delivered Ex Quay" means that the seller delivers when the goods are placed at the disposal of the buyer not cleared for import on the quay (wharf) at the named port of destination.

The seller has to bear costs and risks involved in bringing the goods to the named port of destination and discharging the goods on the quay (wharf).

The DEQ term requires the buyer to clear the goods for import and to pay all formalities, duties, taxes and other charges upon import.

DDU - DELIVERED DUTY UNPAID (...NAMED PLACE OF DESTINATION)

"Delivered duty unpaid" means that the seller delivers the goods to the buyer, not cleared for import, and not unloaded from any arriving means of transport at the named place of destination.

The seller has to bear the costs and risks involved in bringing the goods thereto, other than, where applicable, any "duty" (which term includes the responsibility for and the risks of carrying out of customs formalities, and the payment of formalities, customs duties, taxes and other charges) for import in the country of destination.

Such "duty" has to be borne by the buyer as well as any costs and risks caused by his failure to clear the goods for import in time.

However, if the parties wish the seller to carry out the customs formalities and bear the costs and risk resulting there from as well as some of the costs payable upon import of the goods, this should be made clear by adding explicit wording to this effect in the contract of sale.

DDP - DELIVERED DUTY PAID (...NAMED PLACE OF DESTINATION)

"Delivered duty paid" means that the seller delivers the goods to the buyer, cleared for import, and not unloaded from any arriving means of transport at the named place of destination.

The seller has to bear all costs and risks involved in bringing the goods thereto including, where applicable, any "duty" (which term includes the responsibility for and the risks of the carrying out of customs formalities, and the payment of the formalities, customs duties, taxes and other charges) for import in the country of destination.