

SUMMARY OF INCOTERMS

**EXW .. FCA .. FAS .. FOB .. CFR .. CIF .. CPT .. CIP ..
DAF.. DES .. DEQ .. DDU .. DDP**

1. EXW (EX WORKS... named place)

EXW means that the seller fulfills his obligation to deliver the goods when he has made the goods available at his premise's (ie works, factory, warehouse etc), to the buyer. In particular, he is not responsible for loading of the goods onto any vehicle provided by the buyer, or for clearing the goods across any customs borders for export, unless otherwise agreed. The buyer bears all costs and risks involved in taking the goods from the sellers premises to the desired destination. EXW thus represents the minimum obligation for the seller. This term should not be used if the buyer is incapable of or cannot carry out the export formalities. In such cases the term FCA should be used.

2. FCA (FREE CARRIER ACCEPTANCE... named place.)

FCA means that the seller fulfills his obligation to deliver the goods when he has cleared the goods for export and handed them into the charge of the carrier named by the buyer at the designated delivery point. If no precise "acceptance" point is indicated by the buyer, then the seller may choose, within the place or range stipulated, where the carrier shall take the goods into his charge. When, according to commercial practice, the sellers assistance is required in making the contract with the carrier (such as in rail or air transport) the seller may act at the buyers risk and expense, which includes any costs for arranging the transport. This term may be used for any mode of transport, paid by the buyer, including multimodal transport.

"Carrier" means any person who, in a contract of carriage, undertakes to perform or to procure the performance of carriage by rail, road, air, sea, inland waterway or by a combination of such modes. If the buyer instructs the seller to deliver the goods to a person, eg a freight forwarder, who is not a carrier, the seller is deemed to have fulfilled the obligation to deliver the goods when they arrive into the custody of that nominated person.

"Transport Terminal" means a railway terminal, a freight station, a container terminal or yard, a multipurpose cargo terminal or any similar receiving point.

"Container" includes any equipment used to unitize cargo, eg. all types of containers and/or flats, ISO accepted or not, trailers, swap bodies, roll-on roll-off equipment, igloos etc and it applies to all modes of transport

3.FAS (FREE ALONGSIDE SHIP ... named port of shipment)

FAS means that the seller fulfills his obligation to deliver when the goods have been placed alongside the vessel on the quay or in lighters at the named port of shipment. This means that the buyer has to bear all costs and risks of loss of or damage to the goods from that moment. The FAS term requires the buyer to clear the goods for export. It should not be used when the buyer cannot carry out either directly or indirectly all of the export formalities. This term can only be used for sea freight or inland waterway transport.

4. FOB (FREE ON BOARD... named port of shipment)

FOB means that the seller has fulfilled his obligation to deliver when the goods have physically passed over 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 only be used for sea freight or inland waterway transport. When the ship's rail serves no practical purpose, such as in the case of roll-on roll-off or any LCL or FCL container traffic, the FCA term is more appropriate to use.

5. CFR (COST AND FREIGHT ... named port of destination)

CFR means that the seller must pay the costs and freight necessary to transport the goods to the named destination port. The risk of loss of, or damage to, the goods, as well as any additional costs due to events occurring after the time that the goods have been delivered on board the vessel, is transferred from the seller to the buyer when the goods pass over the ship's rail in the port of shipment. The CFR term requires the seller to clear the goods for export. This term can only be used for sea freight or inland waterway transport. When the ship's rail serves no practical purpose, such as in the case of roll-on roll-off or any LCL or FCL container traffic, the CIP term is more appropriate to use.

6. CIF (COST INSURANCE FREIGHT ... named port of destination)

CIF means that the seller has the same obligations as under the CFR term but with the additional responsibility that he must procure marine insurance against the buyer's risk of loss of or damage to the goods during the period of carriage. The seller contracts for the insurance and also pays the premium. The buyer should note that under the CIF term the seller is only required to obtain insurance on minimum coverage. The CIF term requires the seller to clear the goods for export. This term can only be used for sea freight or inland waterway transport. When the ship's rail serves no practical purpose, such as in the case of roll-on roll-off or any LCL or FCL container traffic, the CIP term is more appropriate to use.

7. CPT (CARRIAGE PAID TO ...named place of destination)

CPT means that the seller pays for the freight for the carriage of the goods to the named final destination. The risk of loss of, or damage to, the goods, as well as any additional costs due to events occurring after the time that the goods have been delivered to the carrier is transferred from the seller to the buyer when the goods have been delivered into the custody of the carrier.

"Carrier" means any person who, in a contract of carriage, undertakes to perform or to procure the performance of carriage by rail, road, air, sea, inland waterway or by a combination of such modes. If subsequent carriers are used for the carriage of the goods to the agreed destination, the risk passes to the buyer when the goods have been delivered to the first carrier. The CPT term requires the seller to clear the goods for export. This term may be used for any mode of transport paid by the seller, including multimodal transport.

8. CIP (CARRIAGE AND INSURANCE PAID ... named place of destination)

CIP means that the seller has the same obligations as under CPT but with the addition that the seller must procure cargo insurance against the buyers risk of loss of or damage the goods during the period of carriage. The seller contracts for the insurance and also pays the premium. The CIP term requires the seller to clear the goods for export. This term may be used for any mode of transport including multimodal transport.

9. DAF (DELIVERED AT FRONTIER... named place)

DAF means that the seller has fulfilled his obligation to deliver when the goods have been made available, cleared for export, 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 terms. The term DAF is primarily intended to be used when goods are to be carried by rail or road, but may be used for any mode of transport.

10. DES (DELIVERED EX SHIP ... named port of destination)

DES means that the seller has fulfilled his obligation to deliver when the goods have been made available to the buyer on board the ship but, uncleared for import, at the named port of destination. The seller has to bear all costs and risks involved in bringing the goods to the named port of destination. The buyer must pay for unloading, customs clearance at destination etc. This term can only be used for sea and inland waterway transport.

11. DEQ (DELIVERED EX QUAY (DUTY PAID)...named port of destination)

DEQ (Duty Paid) means that the seller has fulfilled his obligation to deliver when the goods have been made available to the buyer on quay (wharf) at the named port of destination, cleared for importation. The seller has to bear all risks including duties, taxes and other charges of delivering the goods thereto. This term should not be used if the seller is unable, either directly or indirectly, to obtain an import license. If the parties wish the buyer to clear the goods for importation and pay the duty, the words "Duty Unpaid" should be used instead of the words "Duty Paid". If the parties wish to exclude from the sellers obligations some of the costs payable upon importation of the goods (such as value added tax (VAT)) this should be made clear by including words to the effect; "Delivered ex quay, VAT unpaid (... named port of destination).

12. DDU (DELIVERED DUTY UNPAID ... named port of destination)

This term replaces and supersedes "Franco or Free Domicile" and "Free Into Store" (FIS). DDU means that the seller has fulfilled his obligation to deliver when the goods have been made available at the named place and point in the country of importation. The seller has to bear the costs and risks involved in bringing the goods thereto (excluding duties, taxes and other official charges payable upon importation) as well as the costs and risk of carrying out customs formalities. The buyer has to pay any additional costs and to bear any risks caused by his failure to clear the goods for import in time. If the parties wish the Buyer to carry out customs formalities and bear the costs and risks resulting therefrom, this must be made clear in the documentation by adding words to that effect. If the parties wish to include in the sellers obligations, some of the costs payable upon importation of the goods, (such as value added tax (VAT)), this should be made clear by adding the words to the effect: " Delivered Duty Unpaid, VAT Paid (... named port of destination)." The term DDU may be used irrespective of the mode of transport.

13. DDP (DELIVERED DUTY PAID ... named port of destination)

This term replaces and supersedes " Franco or Free Domicile" and " Free Into Store" (FIS). DDP means that the seller has fulfilled his obligation to deliver when the goods have been made available at the named place and point in the country of importation. The seller has to bear the costs and risks involved in bringing the goods thereto (including duties, taxes and other official charges payable upon importation) as well as other charges of delivering the goods thereto, cleared for importation. Whilst the EXW term represents the minimum obligation for the seller, the term DDP represents the maximum obligation. This term should not be used if the seller is unable, either directly or indirectly, to obtain an import license. If the parties wish the buyer to clear the goods for importation and to pay the duty, the term DDU should be used. If the parties wish to exclude from the sellers obligations, some of the costs payable upon importation of the goods, (such as value added tax (VAT)), this should be made clear by adding the words to the effect: " Delivered Duty Paid, VAT Unpaid (... named port of destination). The term DDP may be used irrespective of the mode of transport.