

Incoterms 2020:

- International Commercial Terms
- This is a set of 11 rules that define who is responsible for what during transport.
- These conditions cover all obligations, risks and costs that arise during the transport of the goods from the seller to the buyer.
- Incoterms 2020 do not specify the goods sold, do not deal with issues of transfer of title or title to the goods sold and do not address the payment of the purchase price. They do not replace the contract of sale, but only become part of it if they are expressly incorporated into an existing contract.



Individual conditions:

EXW - EX WORKS: from the factory (agreed place of delivery)

- It is often used when initially offering goods without including any costs. The seller makes the goods available on his premises or at another designated location (workshop, factory, warehouse, etc.)
- The buyer is responsible for loading the goods onto the vehicle (although the seller may have better loading conditions), for all export procedures, for onward carriage and for all costs incurred after receipt of the goods.
- The seller does not have to load the goods onto any collection vehicle or clear customs for export.

FCA - FREE CARRIER: paid to the carrier (agreed place of delivery)

- It can have two different meanings with different levels of risk and cost.
 - a) The seller delivers the goods cleared for export to a designated place **which is his own premises**.
 - b) The seller delivers the goods cleared for export to a designated place **other than his own premises**.
- In both cases, the goods must be delivered to the carrier designated by the buyer or to another party designated by the buyer.
- The seller has no obligation to carry out any customs formalities in the import or to pay import duties.
- FCA is the rule of choice for goods in containers where the buyer provides the main transport.

FAS - FREE ALONGSIDE SHIP: paid to the side of the ship (contractual port of loading)

- The seller delivers the goods cleared through customs and placed alongside the vessel at the agreed port of embarkation. The buyer designates the ship and assumes responsibility for all costs from that point on.
- The Seller is not obliged to clear the goods in the import, nor to pay import duties or carry out any import customs formalities.



FOB - FREE ON BOARD: paid on board (contractual port of loading)

- The Seller shall deliver the goods to the ship at a port agreed in advance between the Seller and the Buyer. The Seller will load the goods onto the ship. The buyer will then take care of the import formalities and transport to the destination.
- The seller is responsible for arranging and paying for the transport and for loading the goods on the ship. The risk of loss or damage to the goods passes when the products are on board the vessel. From that moment on, the buyer bears all costs.

CFR - COST AND FREIGHT (contractual port of discharge and port of destination)

- The seller delivers the goods on board the vessel. The Seller must enter into a contract of carriage and pay the costs and freight charges for carriage to the named port of destination.
- The seller should clear the goods for export, if applicable, but is not obliged to carry out any import customs formalities or pay import duties.
- The risks are transferred from the seller to the buyer at a time other than the cost of transport to the destination. The risks pass to the buyer at the port of loading when the goods are delivered on board the ship (as with the FOB clause), while the costs only pass at the port of destination.

CIF - COST, INSURANCE AND FREIGHT (contracted port of discharge and port of destination)

- The Seller shall deliver the goods on board the vessel or procure the goods already delivered. The risk of loss or damage to the goods passes when the goods are on board the ship.
- The seller must arrange and pay the costs and freight necessary to transport the goods to the designated port of destination.
- The seller also arranges insurance against the risk of loss or damage to the goods during transport on the buyer's side.
- The buyer should note that under CIF the seller is only required to take out insurance for the minimum cover. If the buyer would like to have more insurance protection, they



must either expressly agree with the seller or arrange their own additional insurance.

CPT - CARRIAGE PAID TO (agreed destination)

- The Seller is responsible for arranging transport to that location, but not for insuring the goods to that location. However, delivery of the goods takes place and risk passes from the seller to the buyer when the goods are accepted by the carrier.
- Terminal Handling Charges (THC) are fees charged by the terminal operator. These charges may or may not be included by the carrier in its freight rates - buyers should check whether the CPT price includes THC to avoid surprises.
- The buyer may wish to arrange insurance for the main carriage starting from the place where the carrier takes custody of the goods - note that this place will not be specified in the Incoterms rule but will be specified elsewhere in the commercial contract.

CIP - CARRIAGE AND INSURANCE PAID TO (agreed destination)

- The seller is obliged to arrange this transport and cover the costs associated with the delivery of the goods to the named destination.
- The seller has the same obligations as the CPT, but in addition, the seller contracts insurance against the risk of loss or damage to the goods in transit by the buyer.
- The buyer should note that under the CIP, the seller is only required to take out insurance for minimum cover. If the buyer would like to have more insurance protection, he or she will either have to expressly agree with the seller to the fullest extent possible or arrange his or her own additional insurance.
- Also beware of terminal handling fees here, see CPT condition.

DPU DELIVERED AT PLACE UNLOADED (agreed destination)

- The Seller will deliver the goods to the designated location and unload them. Seller shall advise all shipping costs and bear all risks until arrival at destination.
- The buyer takes care of import permits and all related customs fees and obligations.



DAP - DELIVERED AT PLACE (agreed destination)

- The Seller shall make the goods available to the Buyer on the incoming means of transport ready for unloading at the destination. He shall bear all risks associated with the delivery of the goods to the pre-agreed location.
- The costs associated with the unloading of the goods shall be borne by the buyer. The seller clears the goods in the export, but is no longer obliged to clear the goods in the import, and to pay any fees or customs clearance in the import.

DDP - DELIVERED DUTY PAID (agreed destination)

- The seller arranges transport, delivers the goods to the designated place, clears them for importation and pays the relevant taxes and duties. The risk passes to the buyer when the goods are ready for unloading.

OVERVIEW OF BUYER'S AND SELLER'S OBLIGATIONS

Incoterms 2020

Duties	Terms of Incoterms 2020										
	EXW	FCA	FAS	FOB	CFR	CIF	CPT	CIP	DPU	DAP	DDP
Export customs declaration	B	S	S	S	S	S	S	S	S	S	S
Transport to the port of export	B	B/S	S	S	S	S	S	S	S	S	S
Unloading the truck at the port of export	B	B	S	S	S	S	S	S	S	S	S
Loading charges at the port of export	B	B	B	S	S	S	S	S	S	S	S
Transport (ocean/air) to the port of import	B	B	B	B	S	S	S	S	S	S	S
Unloading charges at the port of import	B	B	B	B	S	S	S	S	S	S	S
Loading onto a truck at the port of import	B	B	B	B	B	B	S	S	S	S	S
Transport to destination	B	B	B	B	B	B	S	S	S	S	S
Insurance	B	B	B	B	B	S	B	S	S	S	S
Import customs clearance	B	B	B	B	B	B	B	B	B	B	S
Import fees	B	B	B	B	B	B	B	B	B	B	S

B - Buyer
S - Seller

