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## INCOTERMS 2010 Obligations & Risk

Terms of Sale/INCOTERMS	EXW Ex-Works	FCA Free Carrier	FAS Free Alongside Ship	FOB Free on Board	CFR Cost and Freight	CIF Cost, Insurance & Freight	CPT Carriage Paid To	CIP Carriage & Insurance Paid To	DAT Delivered at Terminal	DAP Delivered at Place	DDP Delivered Duty Paid
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Obligations and Charges	EXW	FCA	FAS	FOB	CFR	CIF	CPT	CIP	DAT	DAP	DDP
Commercial Documentation -comm invoice/packing list/C-O	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Export Clearance	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Warehouse Services at origin	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Export packing	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Inspect shipment	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Buyer
Loading at point of origin	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Marine insurance	***	***	***	***	***	Seller	***	Seller	***	***	***
Local p/u & main carriage at origin	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Forwarder fees	Buyer	Seller/Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Port receiving charges at origin	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Load ship, if applicable	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Freight charges	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Charges at foreign port/airport	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller
Foreign customs and duties	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller
Import license	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller
Delivery charges to final destination	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller

Risk (transfer of)	EXW	FCA	FAS	FOB	CFR	CIF	CPT	CIP	DAT	DAP	DDP
At Sellers Warehouse	X										
At Carrier at Named Place		X									
Delivered alongside Vessel			X								
Passes Ship's Rail at Origin				X	X	X					
Delivered to First Carrier							X	X			
Port of Destination on Quay/Pier									X		
Named Place of Destination										X	X

All INCOTERMS must be accompanied by a "named place" ex. "Ex-Works - Reno, NV, Griffin Warehouse"

\*\*\*neither party has an obligation to obtain insurance, though it is considered prudent to insure all shipments which you are at risk. Liability usually will not cover your loss; plus you may also be at risk for general or salvage average.

Light Blue highlighted INCOTERMS columns are for Ocean and Inland Waterway transport only. All others can be used across all modes of transport.

Disclaimer: The above information is for general reference purposes only. For an official, detailed explanation of INCOTERMS 2010, please refer to the International Chamber of Commerce (<http://www.iccwbo.org/>)

**PERSONAL SERVICE. TAILORED SOLUTIONS. GLOBAL REACH.**

## INCOTERMS 2010

The International Chamber of Commerce (<http://www.iccwbo.org/>) has released its INCOTERMS 2010 definitions. For those involved in international freight transactions, the following explanations of international standard trade definitions are useful in outlining risks and responsibilities between buyers and sellers.

All INCOTERMS must be accompanied by a named place ex. "Ex-Works - Reno, NV, Griffin Warehouse"

EXW (Ex-Works)



The buyer bears all costs and risks involved in taking the goods from the seller's premises to the desired destination. The seller's obligation is to make the goods available at his premises (works, factory, warehouse). This term represents minimum obligation for the seller. This term can be used across all modes of transport.

FCA (Free Carrier)



The seller's obligation is to hand over the goods, cleared for export, into the charge of the carrier named by the buyer at the named place or point. If no precise point is indicated by the buyer, the seller may choose within the place or range stipulated where the carrier shall take the goods into his charge. When the seller's assistance is required in making the contract with the carrier the seller may act at the buyers risk and expense. This term can be used across all modes of transport.

FAS (Free Alongside Ship)



The seller has fulfilled his obligation when goods have been placed alongside the vessel at the port of shipment. The buyer is responsible for all costs and risks of loss or damage to the goods from that moment. The buyer is also required to clear the goods for export. This term should only be used for sea or inland waterway transport.

FOB (Free on Board)



Once the goods have passed over the ship's rail at the port of export the buyer is responsible for all costs and risks of loss or damage to the goods from that point. The seller is required to clear the goods for export. This term should only be used for sea or inland waterway transport.

CFR (Cost and Freight)



The seller must pay the costs and freight required in bringing the goods to the named port of destination. The risk of loss or damage is transferred from seller to buyer when the goods pass over the ship's rail in the port of shipment. The seller is required to clear the goods for export. This term should only be used for sea or inland waterway transport.

CIF (Cost, Insurance & Freight)



The seller has the same obligations as under CFR however he is also required to provide insurance against the buyer's risk of loss or damage to the goods during transit. The seller is required to clear the goods for export. This term should only be used for sea or inland waterway transport.

### CPT (Carriage Paid To)



The seller pays the freight for the carriage of goods to the named destination. The risk of loss or damage to the goods occurring after the delivery has been made to the carrier is transferred from the seller to the buyer. This term requires the seller to clear the goods for export and can be used across all modes of transport.

### CIP (Carriage & Insurance Paid To)



The seller has the same obligations as under CPT but has the responsibility of obtaining insurance against the buyer's risk of loss or damage of goods during the carriage. The seller is required to clear the goods for export however is only required to obtain insurance on minimum coverage. This term requires the seller to clear the goods for export and can be used across all modes of transport.

**NEW**

### DAT (Delivered at Terminal)



Seller delivers when the goods, once unloaded from the arriving means of transport, are placed at the disposal of the buyer at a named terminal at the named port or place of destination. "Terminal" includes quay, warehouse, container yard or road, rail or air terminal. Both parties should agree the terminal and if possible a point within the terminal at which point the risks will transfer from the seller to the buyer of the goods. If it is intended that the seller is to bear all the costs and responsibilities from the terminal to another point, DAP or DDP may apply.

#### Responsibilities

- Seller is responsible for the costs and risks to bring the goods to the point specified in the contract
- Seller should ensure that their forwarding contract mirrors the contract of sale
- Seller is responsible for the export clearance procedures
- Importer is responsible to clear the goods for import, arrange import customs formalities, and pay import duty

If the parties intend the seller to bear the risks and costs of taking the goods from the terminal to another place then the DAP term may apply

**NEW**

### DAP (Delivered at Place)



Seller delivers the goods when they are placed at the disposal of the buyer on the arriving means of transport ready for unloading at the named place of destination. Parties are advised to specify as clearly as possible the point within the agreed place of destination, because risks transfer at this point from seller to buyer. If the seller is responsible for clearing the goods, paying duties etc., consideration should be given to using the DDP term.

#### Responsibilities

- Seller bears the responsibility and risks to deliver the goods to the named place
- Seller is advised to obtain contracts of carriage that match the contract of sale
- Seller is required to clear the goods for export
- If the seller incurs unloading costs at place of destination, unless previously agreed they are not entitled to recover any such costs

Importer is responsible for effecting customs clearance, and paying any customs duties

### DDP (Delivered Duty Paid)



The seller is responsible for delivering the goods to the named place in the country of importation, including all costs and risks in bringing the goods to import destination. This includes duties, taxes and customs formalities. This term may be used irrespective of the mode of transport.