

INCOTERMS

Presented by
Frontier Supply Chain Solutions, Inc.



INCOTERMS

Topics of
Discussion

TOPIC'S OF DISCUSSION

- TERMS THAT APPLY TO ANY MODE OF TRANSPORT
- TERMS THAT APPLY TO WATERWAY TRANSPORT
- INCOTERMS® 2020 CHEAT SHEET

TERMS THAT APPLY TO ANY MODE OF TRANSPORT

The Terms
Covered



TERMS THAT APPLY TO ANY MODE OF TRANSPORT

- EXW | EX WORKS
- FCA | FREE CARRIER
- CPT | CARRIAGE PAID TO
- CIP | CARRIAGE AND INSURANCE PAID TO
- DAP | DELIVERED AT PLACE
- DPU | DELIVERED AT PLACE UNLOADED
- DDP | DELIVERED DUTY PAID



TERMS THAT APPLY TO ANY MODE OF TRANSPORT

EXW | Ex Works



EXW | EX WORKS

If you choose EXW, Delivery happens when the seller puts the goods at the named place. In most cases, the place is the seller's factory/warehouse. The seller DOES NOT need to load the goods on the vehicle. After putting down the goods, all the risks, costs, and export/import procedures are on the buyers.

NOTES TO THE BUYER

- If you choose this rule, the seller will have the least responsibilities. Avoid this rule whenever possible.
- The seller DOES NOT need to load the goods to the truck. However, the seller usually has the equipment and techniques that are required to safely load the goods. If you do this by yourself, the risk of damaging the goods when loading them is much higher.
- This rule DOES NOT require the seller to do the export clearance. The buyer will have to pay for the export clearance and do all the procedures.

TERMS THAT APPLY TO ANY MODE OF TRANSPORT

FCA | Free Carrier



FCA | FREE CARRIER

There are two variants of delivery under this rule.

1. If the named place is the seller's factory/warehouse: The buyer arranges and pays for the carrier to the seller load the goods on the truck.
2. If the named place is somewhere else in the seller's country, the seller must pay for the carrier from their place to the named place. They also need to prepare the goods ready for unloading. The buyer has to unload the goods by themselves and pay for transport costs afterward.

Either way, the seller has to do the export clearance. If the carrier breaks or loses the goods on the way, the seller DO NOT have to pay for the loss.

TERMS THAT APPLY TO ANY MODE OF TRANSPORT

CPT | Carriage
Paid To



CPT | CARRIAGE PAID TO

The seller needs to arrange and pay for a carrier. The delivery happens when the seller hands the goods to the carrier at the named place. If there is an unloading cost, the seller has to pay for it. The carrier may send the goods to the importing country or only somewhere in the export country. You need to make an agreement on the place with the seller. If the carrier breaks or loses the goods on the way, the seller DO NOT have to pay for the loss. Under this rule, the seller has to do the export clearance.



TERMS THAT APPLY TO ANY MODE OF TRANSPORT

CIP | Carriage and
Insurance Paid To

CIP | CARRIAGE AND INSURANCE PAID TO

The seller needs to arrange and pay for a carrier. The delivery happens when the seller hands the goods to the carrier at the named place. If there is an unloading cost, the seller has to pay for it. The carrier may send the goods to the importing country or only somewhere in the export country. You need to make an agreement on the place with the seller. Under this rule, the seller has to do the export clearance. The seller also has to buy insurance for the goods from the delivery point to (at least) the destination. This means that if the carrier breaks or loses the goods on the way, insurance will cover the damage or loss. Make sure the value of the insurance should be at least 110% of the goods' value. Under this rule, the seller has to do the export clearance.

NOTES TO THE BUYER

In some cases, the destination country may require that the insurance to purchased locally in the destination country. This may cause some difficulties. In these cases, you may want to use the rule CPT.

TERMS THAT APPLY TO ANY MODE OF TRANSPORT

DAP | Delivered at
Place



DAP | DELIVERED AT PLACE

First, you agree on a place. The seller arranges and pays for the carrier from their factory/warehouse to that place. They also have to prepare the goods ready for unloading. After that, the goods are delivered. Then the buyer has to prepare and pay for the unloading. Under DAP, the seller has to do the export clearance.



TERMS THAT APPLY TO ANY MODE OF TRANSPORT

DDP | Delivered
Duty Paid

DDP | DELIVERED DUTY PAID

First, you agree on a place. The seller arranges and pays for the carrier from their factory/warehouse to that place. They also have to prepare the goods ready for unloading. After that, the goods are delivered. Then the buyer has to prepare and pay for the unloading. Under DDP, the seller has to do both the export and the import clearance.

NOTES TO THE BUYER

If you choose DDP, the seller has the most responsibilities.



TERMS THAT APPLY TO WATERWAY TRANSPORT

- FAS | FREE ALONGSIDE SHIP
- FOB | FREE ON BOARD
- CFR | COST AND FREIGHT
- CIF | COST INSURANCE AND FREIGHT

TERMS THAT APPLY TO WATERWAY TRANSPORT

The Terms
Covered



TERMS THAT APPLY TO WATERWAY TRANSPORT

FAS | Free
Alongside Ship

FAS | FREE ALONGSIDE SHIP

The delivery happens when the seller places the goods alongside the vessel. The buyer has to arrange and pay for the vessel. If the goods were damaged or lost on the ship to the buyer, the seller does not have to pay for the damage or loss. Under FAS, the seller has to do the export clearance.



TERMS THAT APPLY TO WATERWAY TRANSPORT

FOB | Free on
Board

FOB | FREE ON BOARD

The delivery happens when the seller puts the goods on the vessel. This means that the seller pays for the loading fee. The buyer needs to arrange and pay for the vessel. If the goods were damaged or lost on the ship to the buyer, the seller does not have to pay for the damage or loss. Under FOB, the seller has to do the export clearance.



TERMS THAT APPLY TO WATERWAY TRANSPORT

CFR | Cost and
Freight

CFR | COST AND FREIGHT

The delivery happens when the seller puts the goods on the ship. If the goods were damaged or lost on the ship on the way to the buyer, the seller does not have to pay for the damage or loss. The seller has to arrange and pay for the ship as well as the fee to unload the goods at the destination port. Under CFR, the seller has to do the export clearance.

NOTES OF CAUTION TO THE BUYER

The risk transfers at the port of delivery from the seller to the buyer, even though the seller pays and arranges the ship from the delivery point to the destination port.



TERMS THAT APPLY TO WATERWAY TRANSPORT

CIF | Cost
Insurance and
Freight

CIF | COST INSURANCE AND FREIGHT

The delivery happens when the seller puts the goods on the ship. The seller has to arrange and pay for the ship as well as the fee to unload the goods at the destination port. The seller also has to buy the insurance from the delivery point to (at least) the destination port. If the goods were damaged or lost on the ship on the way to the buyer, insurance would cover the loss. Under CIF, the seller has to do the export clearance.

NOTES OF CAUTION TO THE BUYER

- The risk transfers at the port of delivery from the seller to the buyer, even though the seller pays and arranges the ship from the delivery point to the destination port.
- Make sure the value of the insurance is at least 110% of the goods' value.

INCO TERMS

International Freight Forwarding

FRONTIER

Supply Chain Solutions, INC.