

INCOTERM are an internationally recognised set of instructions used in the global transportation of goods. They define the division of responsibility between the Shipper (usually the supplier/consignor) and the Consignee (usually the buyer). The terms dictate which party is responsible for the risks, costs and liabilities associated with the shipment at each stage of the shipping process. Here's an explanation of what each term means.

1: EXW – Ex Works

The seller must give the buyer access to goods at an agreed location. From that moment, the buyer bears almost all costs and risks during the entire shipping process.

2: FCA – Free Carrier

The seller must make the goods available at his own risk and expense at his own premises or at an agreed place. In both cases, the seller is responsible for the clearance of the goods for export. It can be agreed that the buyer must instruct the carrier to transfer a "Bill of Lading (BL)" with a note on board to the seller.

3: CPT – Carriage Paid To

The seller has the same responsibilities as with FCA, but in this case also pays the delivery costs.

4: CIP – Carriage Insurance Paid To

The same seller responsibilities as with CPT, only in this case the seller is obliged to pay the insurance with a high coverage ratio. Parties can agree separately to apply limited coverage.

5: DAP – Delivered At Place

The seller bears the costs and risks during the transport of the goods to an agreed address. As soon as the goods have arrived at this address and are ready for unloading, the risk passes to the buyer.

6: DPU – Delivered at Place Unloaded

The seller is responsible for the costs and risks of delivering goods to an agreed destination where goods can be unloaded for further transport. The selling party arranges customs and unloads the goods at the agreed place. The buyer arranges the customs clearance and any associated rights.

7: DDP – Delivered Duty Paid

The seller bears the costs and risks of transport, carries out the export and import responsibilities and pays any import duties. As soon as the goods have arrived at the address and are ready for unloading, the risk passes to the buyer.

8: FAS – Free Alongside Ship

The seller bears all costs and risks until the goods are delivered next to the ship. From that point, the risk is for the buyer and he also arranges the export clearance and import clearance.

9: FOB – Free On Board

The seller bears all costs and risks until the goods are on board the ship and also arranges the export clearance. As soon as the goods have been delivered to the ship, the buyer bears all responsibilities.

10: CFR – Cost and Freight

The same applies to the seller and buyer as with FOB, but in this case, the seller must also pay for the transport of the goods to the port.

11: CIF – Cost, Insurance, and Freight

The seller has the same obligations as with CFR but also pays the (minimum) insurance costs. The buyer must pay for more comprehensive insurance.

