



International Chamber of Commerce™

*The world business organization™*

INCO Terms or International Commercial Terms are a series of International Sales Terms published by International Chamber of Commerce ( ICC )

## INCOTERMS 2013

**INCOTERMS** are a set of three-letter standard trade terms most commonly used in international contracts for the sale of goods. It is essential that you are aware of your terms of trade prior to shipment.

### **EXW – EX WORKS (... named place of delivery)**

The Seller's only responsibility is to make the goods available at the Seller's premises. The Buyer bears full costs and risks of moving the goods from there to destination.

### **FCA – FREE CARRIER (... named place of delivery)**

The Seller delivers the goods, cleared for export, to the carrier selected by the Buyer. The Seller loads the goods if the carrier pickup is at the Seller's premises. From that point, the Buyer bears the costs and risks of moving the goods to destination.

### **CPT – CARRIAGE PAID TO (... named place of destination)**

The Seller pays for moving the goods to destination. From the time the goods are transferred to the first carrier, the Buyer bears the risks of loss or damage.

### **CIP – CARRIAGE AND INSURANCE PAID TO (... named place of destination)**

The Seller pays for moving the goods to destination. From the time the goods are transferred to the first carrier, the Buyer bears the risks of loss or damage. The Seller, however, purchases the cargo insurance.

### **DAT – DELIVERED AT TERMINAL (... named terminal at port or place of destination)**

The Seller delivers when the goods, once unloaded from the arriving means of transport, are placed at the Buyer's disposal at a named terminal at the named port or place of destination. "Terminal" includes any place, whether covered or not, such as a quay, warehouse, container yard or road, rail or air cargo terminal. The Seller bears all risks involved in bringing the goods to and unloading them at the terminal at the named port or place of destination.

### **DAP – DELIVERED AT PLACE (... named place of destination)**

The Seller delivers when the goods are placed at the Buyer's disposal on the arriving means of transport ready for unloading at the named place of destination. The Seller bears all risks involved in bringing the goods to the named place.

### **DDP – DELIVERED DUTY PAID (... named place)**

The Seller delivers the goods -cleared for import – to the Buyer at destination. The Seller bears all costs and risks of moving the goods to destination, including the payment of Customs duties and taxes.

## **MARITIME-ONLY TERMS**

### **FAS – FREE ALONGSIDE SHIP (... named port of shipment)**

The Seller delivers the goods to the origin port. From that point, the Buyer bears all costs and risks of loss or damage.

### **FOB – FREE ON BOARD (... named port of shipment)**

The Seller delivers the goods on board the ship and clears the goods for export. From that point, the Buyer bears all costs and risks of loss or damage.

### **CFR – COST AND FREIGHT (... named port of destination)**

The Seller clears the goods for export and pays the costs of moving the goods to destination. The Buyer bears all risks of loss or damage.

### **CIF – COST INSURANCE AND FREIGHT (... named port of destination)**

The Seller clears the goods for export and pays the costs of moving the goods to the port of destination. The Buyer bears all risks of loss or damage. The Seller, however, purchases the cargo insurance.

## **OTHER POINTS**

1. Rules are for use of Domestic and International Trade Terms.
2. Used to divide transaction costs and responsibilities between buyer and seller.
3. To indicate each contracting party's costs; risks and obligations with regards of the goods like which party must comply with requisite licenses and government-imposed import and export formalities; when is the risk of loss transferred from the seller to the buyer.
4. INCO Terms do not apply to contracts for services.
5. It is prefer to specify your place or port as precisely as possible while using INCO Terms.
6. Remember the INCO Terms rules do not give you a complete contract of sale, same is a guidance notes.