

## INCOTERMS 2000

### **Purpose**

The purpose of Inco terms is to provide a set of international rules for the interpretation of the most commonly used trade terms in foreign trade. Thus, the uncertainties of different interpretations of such terms in different countries can be avoided or at least reduced to a considerable degree.

### **Chart of Responsibility**

When negotiating an international sales contract, both parties need to pay as much attention to the terms of sale as to the sales price. To make it as clear as possible, an international set of trade terms (INCOTERMS) has been adopted by most countries that defines exactly the responsibilities and risks of both the buyer and seller including while the merchandise is in transit.

### The 13 INCOTERMS

#### **Origin Terms**

**EXW** - Ex-Works, named place where shipment is available to the buyer, not loaded. The seller will not contract for any transportation.

#### International Carriage NOT Paid by Seller

**FCA** - Free Carrier, unloaded at the seller's dock OR a named place where shipment is available to the international carrier or agent, not loaded. This term can be used for any mode of transport.

**FAS** - Free Alongside Ship, named ocean port of shipment. Ocean shipments that are NOT containerized.

**FOB** - Free On Board vessel, named ocean port of shipment. This term is used for ocean shipments only where it is important that the goods pass the ship's rail.

#### International Carriage Paid by the Seller

**CFR** - Cost and Freight, Named ocean port of destination. This term is used for ocean shipments that are not containerized.

**CIF** - Cost, Insurance and Freight, named ocean port of destination. This term is used for ocean shipments that are not containerized.

**CPT** - Carriage Paid To, named place or port of destination. This term is used for air or ocean containerized and roll-on roll-off shipments.

**CIP** - Carriage and Insurance Paid To, named place or port of destination. This term is used for air or ocean containerized and roll-on roll-off shipments.

#### **Arrival At Stated Destination**

**DAF** - Delivered At Frontier, named place of destination, by land, not unloaded. This term is used for any mode of transportation but must be delivered by land.

**DES** - Delivered Ex-Ship, named port of destination, not unloaded. This term is used for ocean shipments only.

**DEQ** - Delivered Ex-Quay, named port of destination, unloaded, not cleared. This term is used for ocean shipments only.

**DDU** - Delivered Duty Unpaid, named place of destination, not unloaded, not cleared. This term is used for any mode of transportation.

**DDP** - Delivered Duty Paid, named place of destination, not unloaded, cleared. This term is used for any mode of transportation.

The chart in the following page summarizes the responsibilities of both the buyer and seller for each of the current 13 INCOTERMS mentioned above.