

INCOTERMS 2000

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 following chart summarizes the responsibilities of both the buyer and seller for each of the current 13 INCOTERMS. In addition, a definition for each term is included at the bottom of the page.

For a more complete description of each of the INCOTERMS, *The IBT Guide to INCOTERMS 2000* book published by International Business Training fully and clearly defines each of the new INCOTERMS that became effective January 1, 2000, and includes a number of case studies that demonstrate the use of the different terms in real-life situations.

	EXW	FCA	FAS	FOB	CFR	CIF	CPT	CIP	DAF	DES	DEQ	DDU	DDP
SERVICES	Ex Works	Free Carrier	Free Alongside Ship	Free Onboard Vessel	Cost & Freight	Cost Insurance & Freight	Carriage Paid To	Carriage Insurance Paid To	Delivered At Frontier	Delivered Ex Ship	Delivered Ex Quay Duty Unpaid	Delivered Duty Unpaid	Delivered Duty Paid
Warehouse Storage	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Warehouse Labor	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Export Packing	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading Charges	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Inland Freight	Buyer	Buyer/Seller*	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Terminal Charges	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Forwarder's Fees	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading On Vessel	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Ocean/Air Freight	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Charges On Arrival At Destination	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Buyer	Buyer	Seller	Seller	Seller
Duty, Taxes & Customs Clearance	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller
Delivery To Destination	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller

* There are actually two FCA terms: FCA Seller's Premises where the seller is responsible *only* for loading the goods and *not* responsible for inland freight; and FCA Named Place (International Carrier) where the seller *is* responsible for inland freight.

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.

"INCOTERMS 2000" is one in a series of short articles published by International Business Training, a division of InterMart, Inc. These articles are designed to help businesses and individuals succeed in the global marketplace.

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