

The Incoterms

The Incoterms are a group of international rules, the International Commerce Chamber that determine the reach of the commercial clauses included in the contract of international sale and purchase.

The Incoterms is also denominated price clauses, because each one allows to determine the elements that compose it. The selection of the Incoterm influences on the cost of the contract.

The purpose of the Incoterms is to providing a group of international rules for the interpretation of the terms used in the international Trade.

The Incoterms determines:

The reach of the price.

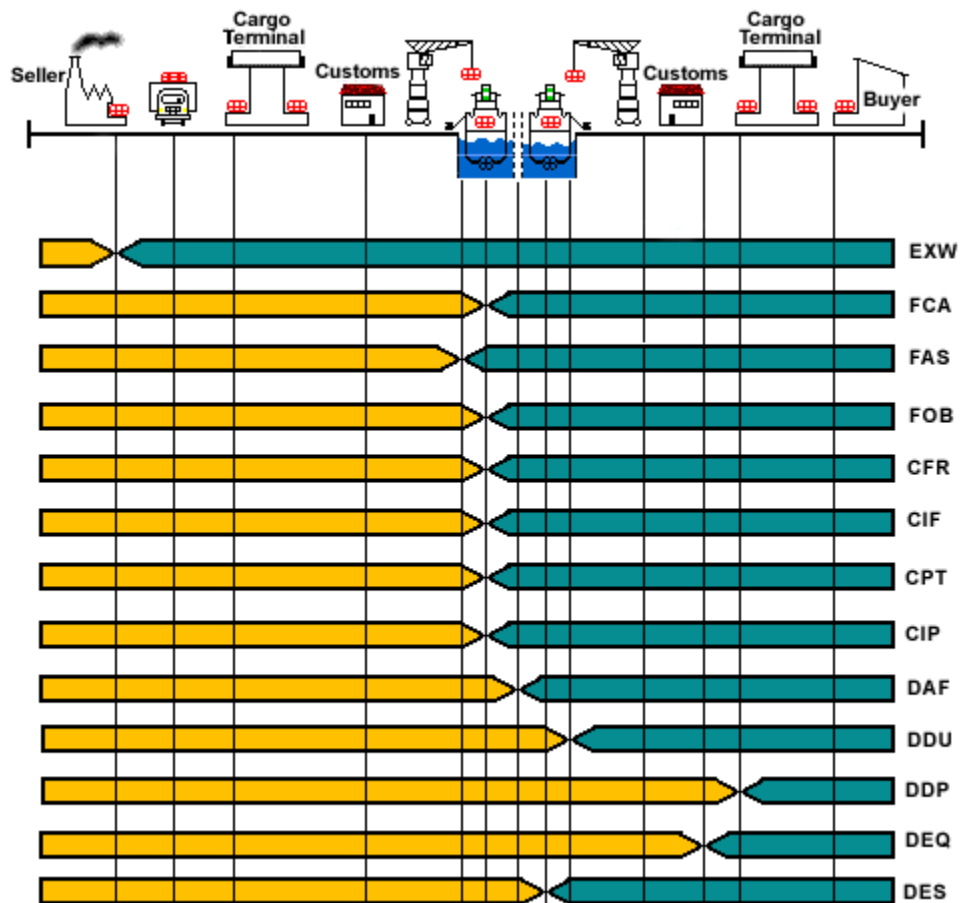
In what moment and where the transfer of risks takes place on the salesperson's merchandise toward the buyer.

The place of delivery of the merchandise.

Who hire and pays the transport.

Who it hire and pays the insurance.

which documents plot each part and their cost.



CFR (Cost and Freight) - Cost and Freight (*conventional port of destination*)

For the salesperson the reaches are the same ones that the FOB rate with the only difference that the company should take charge of to hire the cellar of the ship and to pay the freight until destination.

The risk of loss or damage of the merchandises as well as any additional cost due to events happened after the moment of the delivery, they are transmitted from the salesperson to the buyer

The term CFR demands the salesperson to dispatch the merchandises for the export.

This term can only be used for the transport by sea or for navigable interiors.

Obligations of the Salesperson.

- To give the merchandise and necessary documents
- Pack and Packing
- Freight (of factory to the export place)
- Customs (documents, permits, requirements, taxes)
- Export expenses (you maneuver, storage, agents)
- Freight (of export place to the import place)

Obligations of the Buyer.

- Pay of the Merchandise
- Import expenses (you maneuver, storage, agents)
- Customs (documents, permits, requirements, taxes)
- Freight and sure (import place to plant)
- Delays

CIF (Cost, Insurance and Freight) - Cost, Sure and Freight (*conventional port of destination*)

It means that the salesperson gives the merchandise when this it surpasses the overboard of the ship in the port of conventional shipment.

The salesperson should pay the costs and the necessary freight to drive the merchandises to the conventional port of destination.

Under conditions CIF the salesperson should also hire an insurance and to pay the corresponding cousin, in order to cover the risks of loss or damage that it can suffer the merchandise during the transport.

The buyer must observe that the salesperson is forced to only get an insurance with minimum covering. If the buyer wants bigger covering he will need to agree it expressly with the salesperson or to concert his own additional insurance.

The term CIF demands the salesperson to dispatch the merchandises for the export.

This term can only be used for the transport by sea or for roads navigable interiors.

Obligations of the Salesperson.

- To give the merchandise and necessary documents
- pack and packing
- Freight (of factory to the export place)
- Customs (documents, permits, requirements, taxes)
- Export expenses (you maneuver, storage, agents)
- Freight and insure(de export place to the import place)

Obligations of the Buyer.

- Pay of the merchandise
- Import expenses (you maneuver, storage, agents)
- Customs (documents, permits, requirements, taxes)
- Freight and sure (import place to plant)
- Delays

CIP (Carriage and Insurance Paid to) - Transports and Insurance Payment Until (place of conventional destination)

The salesperson gives the merchandises to the transport one designated by him but, also, he should pay the costs of the necessary transport to take the merchandises to the conventional destination. The salesperson should also get an insurance against the risk that the buyer supports, of loss or damage of the merchandises during the transport.

The buyer assumes all the risks and with any happened other cost after the merchandises have been this way given.

The CPT demands the salesperson to dispatch the merchandises for the export.

This term can be used with independence in the way of transport, including the transport multimodal.

Obligations of the Salesperson

- To give the merchandise and the necessary documents
- Pack and packing
- Freight (of factory to the export place)
- Customs (documents, permits, requirements, taxes)
- Export expenses (you maneuver, storage, agents)
- Freight and sure (of export place to the import place)
- Import expenses (you maneuver, storage, agents) "Partial"

Obligations of the Buyer

- Pay of the merchandise
- Customs (documents, permits, requirements, taxes)
- Freight and Sure (import place to plant)
- Import expenses (you maneuver, storage, agents) "Partial"
- Delays

CPT (Carriage Paid To) - Transports Paid Until (place of conventional destination)

The salesperson gives the merchandises to the transport one designated by him but, also, he should pay the costs of the necessary transport to take the merchandises to the conventional destination.

The buyer assumes all the risks and with any happened other cost after the merchandises have been this way given.

The CPT demands the salesperson to dispatch the merchandises for the export.

This term can be used with independence in the way of transport, including the multimodal transport

Obligations of the Salesperson

- To give the merchandise and the necessary documents
- Pack and packing
- Freight (of factory to the export place)
- Customs (documents, permits, requirements, taxes)
- Export expenses (you maneuver, storage, agents)
- Freight (of export place to the import place)
- Import expenses (you maneuver, storage, agents) "Partial"

Obligations of the Buyer

- Pay of the merchandise
- Customs (documents, permits, requirements, taxes)
- Freight and Sure (import place to plant)
- Import expenses (you maneuver, storage, agents) "Partial"
- Delays

DAF (Delivered At Frontier) - Given in Frontier (conventional place)

It means that the salesperson has completed his obligation of surrendering when it has put the merchandise dispatched in the Customs for the export in the point and suited place of the frontier but before the border customs of the country buyer.

This term can be used with independence in the way of transport when the merchandises should surrender in a terrestrial frontier.

Obligations of the Salesperson

- To give the merchandise and necessary documents
- Pack and packing
- Freight (of factory to the export place)
- Customs (documents, permits, requirements, taxes)
- Export expenses (you maneuver, storage, agents)
- Freight (of export place to the import place) (parcial place)
- Sure (partial)

Obligations of the Buyer

- Payments of the Merchandise
- Freight (of export place to the import place) (partial)
- Sure (partial)
- Import expenses (you maneuver, storage, agents)
- Customs (documents, permits, requirements, taxes)
- Freight and sure (import place to plant)
- Delays

DDP (Delivered Duty Paid) - Given Paid Rights (place of conventional destination)

It means that the salesperson gives the merchandises to the buyer, dispatched for the import, and not discharged of the means of transport used in the place of agreed destination.

The salesperson should assume all the costs and risks caused when taking the merchandises until that place, including the steps customs officers, and the payment of the steps, rights of customs, taxes and other loads for the import to the destination country.

The salesperson's obligations

- To give the merchandise and necessary documents
- Pack and packing
- I carry (of factory to the export place)
- Customs (documents, permits, requirements, taxes)
- Export expenses (you maneuver, storage, agents)
- Freight (of export place to the import place)
- Sure
- Import expenses (you maneuver, storage, agents)
- Customs (documents, permits, requirements, taxes)
- I carry and sure (import place to plant)
- Delays

The buyer's obligation

- To pay the merchandise

DDU (Delivered Duty Unpaid) - Given Not Paid Rights (place of conventional destination)

It means that the salesperson has completed his obligation of surrendering when it has put the merchandise to the buyer's disposition in the conventional place of the import country and the Salesperson must assume all the expenses and related risks with taking the merchandise, until that place (excluded rights, taxes and other exigible official positions to the import). as well as the expenses and risks of carrying out the formalities customs.

Obligations of the Salesperson

- To give the merchandise and necessary documents
- Pack and packing

- Freight (of factory to the export place)
- Customs (documents, permits, requirements, taxes)
- Export expenses (you maneuver, storage, agents)
- Freight and sure (of export place to the import place)

Obligations of the Buyer

- Pay of the merchandise
- Import expenses (you maneuver, storage, agents)
- Customs (documents, permits, requirements, taxes)
- Freight and sure (import place to plant)
- Delays

DEQ (delivered Former-Quay) - Given in Jetty (conventional port of destination)

It means that the salesperson surrenders when they put on the merchandises to the buyer's disposition, without dispatching for the import, in the jetty (landing) in the agreed port of destination. The salesperson should assume the costs and risks caused when driving the merchandises to the agreed port of destination and when discharging the merchandises in the jetty (landing). The term DEQ demands the buyer to dispatch the merchandises for the import and that he pays all the steps, rights, taxes and other loads of the import.

Obligations of the Salesperson

- To give the merchandise and necessary documents
- Pack and packing
- Freight (of factory to the export place)
- Customs (documents, permits, requirements, taxes)
- Export expenses (you maneuver, storage, agents)
- Freight and sure (of export place to the import place)
- Customs (documents, permits, requirements, taxes)

Obligations of the Buyer

- to pay of the merchandise
- Freight and sure (import place to plant)
- Import expenses (you maneuver, storage, agents)
- Delays
- *This term can only be used for the transport by sea or for roads of interior sailing or for the multimodal transport*

DE (Former Delivered Ship) - Given On Ship (conventional port of destination)

It means that the salesperson surrenders when they put on the merchandises to the buyer's disposition on board the ship, not dispatched for the import, in the agreed port of destination.

Obligations of the Salesperson

- To give the merchandise and necessary documents
- Pack and packing
- Freight (of factory to the export place)
- Customs (documents, permits, requirements, taxes)
- Export expenses (you maneuver, storage, agents)
- Freight and sure (of export place to the import place)

Obligations of the Buyer

- Pay of the merchandise
- Import expenses (you maneuver, storage, agents)
- Customs (documents, permits, requirements, taxes)
- Carry sure (import place to plant)
- Delays

EXW (Former-Works) - ex warehouse (conventional place)

It means that the salesperson surrenders when it puts the merchandise to the buyer's disposition in the salesperson's establishment or in another conventional place (that is to say, factory, warehouse, etc.).

This term represents, this way, the salesperson's smaller obligation, and the buyer should assume all the costs and risks.

Obligations of the Salesperson.

- He surrenders of the merchandise and necessary documents
- Pack and packing

Obligations of the Buyer.

- Pay of the merchandise
- Freight internal (of factory to the export place)
- Customs (documents, permits, requirements, taxes)
- Export expenses (you maneuver, storage, agents)
- Freight international (of export place to the import place)
- Sure
- Import expenses (you maneuver, storage, agents)
- Transport and sure (import place to plant)

FAS (Free Along Ship) - Free to the Side of the Ship (conventional port of dispatch)

It means that the salesperson's responsibility concludes once the merchandise is placed to the side of the ship in the port of conventional shipment. This means that the buyer must assume all the costs and risks of loss or damage of the merchandises from that moment.

The term FAS demands the salesperson to dispatch the merchandises for the export.

Obligations of the Salesperson

- Merchandise and Necessary Documents

- Pack AND Packing
- Freight (of factory to the export place)
- Customs (documents, permits, requirements, taxes)
- Expenses Of Export (you maneuver, storage, agents)

Obligations of the Buyer

- Payments of the merchandise
- Freight and sure (of export place to the import place)
- Import expenses (you maneuver, storage, agents)
- Customs (documents, permits, requirements, taxes)
- Sure and freight (import place to plant)
- Delays

FCA (Free Carrier) - Free Transport (conventional place)

It means that the salesperson gives the merchandise for the export to the transport one proposed by the buyer, in the agreed place.

The chosen delivery place influences in the load obligations and it discharges of the parts. If the delivery takes place in the salesperson's local this it is responsible for the load. If the delivery happens in any other place, the salesperson is not responsible for the discharge.

This term can be used in any means of transport including the transport multimodal.

The salesperson's obligations.

- Surrenders of the Merchandise and necessary documents
- Pack and packing
- Freight (of factory to the export place)
- Customs (documents, permits, requirements, taxes)
- Export expenses (you maneuver, storage, agents)

The buyer's obligations

- Payments of the merchandise
- Freight (of export place to the import place)
- Sure
- Import expenses (you maneuver, storage, agents)
- Customs (documents, permits, requirements, taxes)
- Freight and sure (import place to plant)
- Delays

FOB (Free On Board) - Liberates on board (conventional port of dispatch)

The salesperson's responsibility finishes when the merchandises surpass the overboard of the ship in the port of conventional shipment.

The buyer should support all the costs and risks of the loss and the damage of the merchandises from that point.

The FOB term demands the salesperson to dispatch the merchandises for the export.

This term can only be used for the transport by sea or for roads navigable interiors.

The salesperson's obligations

- To give the merchandise and necessary documents
- Pack and packing
- Freight (of factory to the export place)
- Customs (documents, permits, requirements, taxes)
- Export expenses (you maneuver, storage, agents)

Obligaciones of the Buyer

- Pay of the merchandise
- Freight and sure (of export place to the import place)
- Import expenses (you maneuver, storage, agents)
- Customs (documents, permits, requirements, taxes)
- Freight (import place to plant)
- Delays

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.