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# Incoterms 2000 Obligations & Risk



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PRE-CARRIAGE

MAIN CARRIAGE

ON-CARRIAGE

	U.S.A. EXPORT:	To USA Port or Airport			To Foreign Port or Airport				Delivery to Door				
	U.S.A. IMPORT:	From your facility Buyers Facility	To Foreign Port or Airport			To the USA Port or Airport				Delivery to Door			
	EXW	FCA	FAS	FOB	CFR	CIF	CPT	CIP	DAF	DES	DEQ	DDU	DDP
Responsibility	Ex-Works	Free Carrier	Free Alongside Ship	Free On board	Cost & Freight	Cost Insurance & Freight	Carriage Paid To	Carriage Insurance Paid To	Delivered At Frontier	Delivered Ex Ship	Delivered Ex Quay	Delivered Duty Unpaid	Delivered Duty Paid
Export Documentation	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Export Clearance	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Export License (if applicable)	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading at sellers premise	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Insurance	NP	NP	NP	NP	NP	Seller	NP	Seller	NP	NP	NP	NP	NP
Pre-Carraige (inland) charges	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Forwarding documentation charges	Buyer	S/B	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Origin Terminal fees	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading Vessel (if applicable)	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Shipping Charges	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Foreign Port/Airport arrival fees	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller
Customs Import fees, duties/taxes	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller
Import License (if applicable)	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller
On-Carriage Delivery fees	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller
<b>Transfer of Risk, Damage, Cost</b>													
Sellers Facility or named place	xxx												
Carrier at agreed location		xxx											
Placed alongside Vessel			xxx										
Delivered to First Carrier							xxx	xxx					
Goods Pass Ship's Rail at Origin				xxx	xxx	xxx							
Agreed Point at Frontier									xxx				
Still on Vessel at Port of Destination										xxx			
On Quay (wharf) at Port of Destination											xxx		
Named Place of Destination												xxx	xxx

Notes: NP= Neither party has an obligation to obtain insurance.

Shaded Area = Ocean only terms

White = Multimodal terms (air,ocean,truck,rail, etc..)

FCA= Pls note under FCA , this term can also be used from your facility. Meaning, the seller has fulfilled their obligation of delivery by making the goods available at the their (sellers) premise.

## Incoterms 2000 Obligations & Risk

The 13 Incoterms divide obligations and risks between buyer and seller in 10 areas.

1. Providing the goods in conformity with the contract
2. Licenses and other certificates
3. Contracts of carriage and Insurance
4. Delivery of goods
5. Transfer of risk (loss of damage)
6. Division of costs
7. Notices to buyer and seller
8. Proof of delivery, transport documents or equivalent electronic messages
9. Checking, packing, marking and inspection
10. Providing additional assistance and information

Each of the 13 Incoterms has a precise and unique definition, but they can be grouped into four basic categories:

E-terms (EXW) – where goods are made available to the buyer at the seller's premise, or other named point.

F-terms (FCA, FAS, FOB) – where the seller is required to deliver the goods to a carrier at a named point.

C-terms (CFR, CIF, CPT, CIP) – where the seller contracts for carriage but does not assume the risk of loss or damage after shipment, after a certain point in country of origin.

D-terms (DAF, DES, DEQ, DDU, and DDP) – where the seller bears all costs and risks to bring the goods to a named destination point.

Special note should be taken of the C-terms. These contain two critical points: one for the division of costs and another for the division of risks.

The seller is responsible for paying for transport and other charges to the named destination point, but is relieved of responsibility as soon as the goods are tendered to the carrier. If the buyer and seller intend for the seller to be obligated for costs and risks to the named point,

one of the D-terms should be used.

For more detailed information, a ICC publication 560 called "Incoterms 2000" is available from Allocca Enterprises, Inc..

One last caveat, "Incoterms 2000" as written, cannot be used blindly or unthinkingly. Each trade has its own customary practices. Buyers and sellers must negotiate the terms of trade for each transaction with local practices in mind. The final term agreed upon, whether or not it is a standard Incoterm, may determine all rights, obligations and risks.

**EXW:** EX Works – (named place). Seller delivers goods at his premises (or other named point) to the buyer and is not responsible for the vehicle, loading or for clearing the goods for export. The buyer bears all cost and risks involved in taking the goods from the seller's premises (or other named point) to the seller. EXW should not be used when the buyer cannot carry out the export formalities. In such circumstances, the FCA term should be used.

**FCA:** Free Carrier – (named place). Seller hands over the goods cleared for export to the carrier named by the buyer at the named place. If no point is indicated by the buyer, the seller may choose within the range stipulated where the carrier shall take control of the goods. When the buyer needs seller's assistance in contracting with the rail, air or other carriers, the seller may act at the buyer's risk and expense. Carrier means any party, including a forwarder, who performs or procures transport by rail, road, sea, air, inland waterway or multiple modes. This term may be used for any mode of transport.

**FAS:** Free Alongside Ship – (named port of shipment). Seller places goods alongside the vessel at the named port of shipment, cleared for export. Buyer bears all costs and risk of loss or damage to the goods from that point on. This term can only be used for sea and inland waterway transportation.

**FOB:** Free on Board – (named port of shipment). Seller delivers goods at the named port of shipment, cleared for export. Transfer of risk takes place once goods have passed the ship's rail at port of origin. Buyer bears all costs and risk of loss or damage to the goods from that point on. This term can be used for sea or inland waterway transport.

**CFR:** Cost and Freight – (named port of destination). Seller clears goods for export. Seller delivers the goods to the named port of destination, and pays for same. Risk of loss or damage, as well as any additional costs due to events occurring after the time the goods have been delivered on board of the vessel, is transferred from the seller to the buyer when the goods pass the ship's rail at the port of shipment. This term can only be used for sea and inland waterway transport.

**CIF:** Cost, Insurance and Freight – (named port of destination). Seller has the same CFR obligations, plus he must procure marine insurance against the buyer's risk of loss or damage to the goods during the carriage. The seller contracts for insurance and pays the insurance premium. Only minimum coverage is required (110%). This term can only be used for sea and inland waterway transport.

**CPT:** Carriage Paid To – (name place of destination). Seller clears goods for export. Seller delivers the goods to the named destination. Risk of freight for the carriage of the goods to the named destination, as well as any additional costs due to loss or damage to the goods, as well as any additional costs due to events occurring after the time of goods have been delivered to the carrier. Carrier means any party, including a forwarder, who performs or procures transport by rail, road, sea, air, inland waterway or by multiple modes. If subsequent carriers are used for the carriage to the agreed destination, the risk passes when the goods have been delivered to the first carrier. This term may be used for any mode of transport.

**CFR:** Carriage and Insurance Paid To: - (named place of destination). Seller has the same CPT obligations, plus he must procure cargo insurance against the buyer's risk of loss or damage to the goods during the carriage. The seller contracts for insurance and pays for the insurance premium. Only minimal coverage is required (110%). This term may be used for any mode of transport.

**DAF:** Delivered at Frontier – (named place). Seller delivers goods, cleared for export, at the named place at the frontier, but before the customs border of the adjoining country. The term "frontier" may be used for any frontier including that of the country of export. This term may be used for any mode of transport.

**DES:** Delivered EX Ship – (named port of destination). Seller places goods at the disposal of the buyer, onboard the ship at named port of destination. Seller bears all costs and risks involved in bringing the goods to the named port of destination. This term can only be used for sea or inland waterway transport.

**DEQ:** Delivered EX Quay – (named port of destination). Seller places goods at the disposal of the buyer on the quay (wharf) at the named port of destination. The seller bears all costs and risks involved in bringing the goods to the named port of destination. This term can only be used for sea or inland waterway transport.

**DDU:** Delivered Duty Unpaid – (named place of destination). Seller delivers goods at the named place in the country of import. Seller bears costs and risks involved in delivering the goods to the named place. This excludes duties, taxes and other official charges payable upon import. Buyer is responsible for carrying out import customs formalities. Buyer pays additional costs and bears the risks caused by the failure to clear the goods for import in time. This term may be used for any mode of transportation.

**DDP:** Delivered Duty Paid – (named place of destination). Seller delivers goods at the named place in the country of import. Seller bears the costs and risks, including duties, taxes, and other charges to deliver the goods cleared for import. DDP represents the maximum obligation to the seller. This term should not be used for any mode of transport. Unless this reads DDP including VAT, VAT charges are the responsibility of the buyer.

**NOTE:** This chart provides a general outline of Responsibilities and Risks. Variants on delivery and/or terms can affect who has this responsibility. Therefore it may be important to refer to the Incoterms 2000 for more specific information.



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