

INCOTERMS publicize by the International Chamber of Commerce for the standardized interpretation of commonly used trade terms in foreign trade. They describe in detail the agreements between the sellers and buyers in international trade.

From: (Cattai, Maria Livanos. Incoterms 2000. Paris: ICC Publishing S.A., 1999.)

CFR (Cost and Freight) – Means that the seller delivers when the goods pass the ship's rail in the port of shipment.

The seller must pay the cost and freight necessary to bring the goods to the named port of destination BUT the risk of loss of or damage to the goods, as well as any additional costs due to events occurring after the time of delivery, are transferred from the seller to the buyer.

It requires the seller to clear the goods for export.

This term can be used only for sea and inland waterway transport.

From: (Cattai, Maria Livanos. Incoterms 2000. Paris: ICC Publishing S.A., 1999.)

CIF (Cost, Insurance and Freight) – Means that the seller delivers when the goods pass the ship's rail in the port of shipment.

The seller must pay the cost and freight necessary to bring the goods to the named port of destination BUT the risk of loss of or damage to the goods, as well as any additional costs due to events occurring after the time of delivery, are transferred from the seller to the buyer. However, in CIF the seller also has to procure marine insurance against the buyer's risk of loss of or damage to the goods during the carriage.

The seller contracts for insurance and pays the insurance premium. The buyer should note that under the CIF term the seller is required to obtain insurance only a minimum coverage.

This term can be used only for sea and inland waterway transport.

From: (Cattai, Maria Livanos. Incoterms 2000. Paris: ICC Publishing S.A., 1999.)

CIP (Carriage and Insurance Paid To) – Means that the seller delivers the goods to the carrier nominated by him, but the seller must in addition pay the cost of carriage necessary to bring the goods to the named destination. This means that the buyer bears all risks and any additional costs occurring after the goods have been so delivered. However, in CIP the seller also has to procure insurance against the buyers risk of loss of or damage to the goods during the carriage.

The seller contracts for insurance and pays the insurance premium.

The buyer should note that under the CIP term the seller is required to obtain insurance only on minimum cover. Should the buyer wish to have the protection of greater cover, he would either need to agree as much expressly with the seller or to make his own extra insurance arrangements.

The CIP term requires the seller to clear the goods for export.

From: (Cattai, Maria Livanos. Incoterms 2000. Paris: ICC Publishing S.A., 1999.)

CPT (Carriage Paid To) – Means that the seller delivers the goods to the carrier nominated by him but the seller must in addition pay the cost of carriage necessary to bring the goods to the named destination. This means that the buyer bears all risks and any other costs occurring after the goods have been so delivered.

The CPT term requires the seller to clear the goods for export.

From: (Cattai, Maria Livanos. Incoterms 2000. Paris: ICC Publishing S.A., 1999.)

DAF (Delivered at Frontier (...at named place)) – Means that the seller delivers when the goods are placed at the disposal of the buyer on the arriving means of transport not unloaded, cleared for export, but not cleared for import at the named point and 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. Therefore, it is of vital importance that the frontier in question be defined precisely by always naming the point and place in the term.

From: (Cattai, Maria Livanos. Incoterms 2000. Paris: ICC Publishing S.A., 1999.)

DDP (Delivered Duty Paid (...at named place)) – Means that the seller delivers the goods to the buyer, cleared for import, and not unloaded from any arriving means of transport at the named place of destination. The seller has to bear all the costs and risks involved in bringing the goods thereto including, where applicable, any duty (which term includes the responsibility for and the risks of the carrying out of customs formalities and the payment of formalities, customs duties, taxes and other charges) for import in the country of destination.

DDP represent the maximum amount of obligation.

This term should not be used if the seller is unable directly or indirectly to obtain the import license.

From: (Cattai, Maria Livanos. Incoterms 2000. Paris: ICC Publishing S.A., 1999.)

DDU (Delivered Duty Unpaid (...at named place)) – Means that the seller delivers the goods to the buyer, not cleared for import, and not unloaded from any arriving means of transport at the named place of destination. The seller has to bear the cost and risks involved in bringing the goods thereto, other than, where applicable any duty which term includes the responsibility for and the risks of the carrying out of customs formalities, customs duties, taxes and other charges for import in the country of destination. Such duty has to be borne by the buyer as well as any costs and risks caused by his failure to clear the goods for import in time.

From: (Cattai, Maria Livanos. Incoterms 2000. Paris: ICC Publishing S.A., 1999.)

DEQ (Delivered Ex Quay (...at named place))- Means that the seller delivers when the goods are placed at the disposal of the buyer not cleared for import on the quay (wharf) at the named port of destination. The seller has to bear costs and risks involved in bringing the goods on the quay (wharf). The DEQ term requires the buyer to clear the goods for import and to pay for all formalities, duties, taxes and other charges upon import.

This is a reversal from previous incoterms versions which required the seller to arrange for import clearance.

From: (Cattai, Maria Livanos. Incoterms 2000. Paris: ICC Publishing S.A., 1999.)

DES (Delivered Ex Ship (...at named place)) – Means that the seller delivers when the goods are placed at the disposal of the buyer on board the ship not cleared for import at the named port of destination. The seller has to bear all the cost and risks involved in bringing the goods to the named port of destination before discharging. If the parties wish the seller to bear the costs and risks of discharging the goods, then the DEQ term should be used.

This term can be used only when the goods are to be delivered by sea or inland waterway or multimodal transport on a vessel in the port of destination.

From: (Cattai, Maria Livanos. Incoterms 2000. Paris: ICC Publishing S.A., 1999.)

EXW (Ex Works) – Means that the seller delivers when he places the goods at the disposal of the buyer at the seller premises or another named place (i.e. works, factory, warehouse, etc.) not cleared for export and not loaded on any collecting vehicle.

This term thus represent the minimum obligation for the seller, and the buyer has to bear all costs and risks involved in taking the goods from the seller's premises.

From: (Cattai, Maria Livanos. Incoterms 2000. Paris: ICC Publishing S.A., 1999.)

FAS (Free Alongside Ship) - Means that the seller delivers when the goods are placed alongside the vessel at the named port of shipment. This means that the buyer has to bear all costs and risks of loss of or damage to the goods from that moment.

FAS term requires the seller to clear the goods for export.

From: (Cattai, Maria Livanos. Incoterms 2000. Paris: ICC Publishing S.A., 1999.)

FCA (Free Carrier) – Means that the seller delivers the goods, cleared for export, to the carrier nominated by the buyer at the named place. It should be noted that the chosen place of delivery has an impact on the obligations of loading and unloading the goods at the place. If delivery occurs at the seller's premises, the seller is responsible for unloading.

From: (Cattai, Maria Livanos. Incoterms 2000. Paris: ICC Publishing S.A., 1999.)

FOB (Free On Board)- Means that the seller delivers when the goods pass the ship's rail at the named port of shipment. This means that the buyer has to bear all costs and risks of loss of or damage to the goods from that point. The FOB term requires the seller to clear the goods for export. This term can be used only for sea or inland waterway transport. If the parties do not intend to deliver the goods across the ship's rail, the FCA term should be used.

From: (Cattai, Maria Livanos. Incoterms 2000. Paris: ICC Publishing S.A., 1999.)