



UPS Global Freight Forwarding

AIR | OCEAN | RAIL | GROUND | CUSTOMS

# Know Incoterms.<sup>®</sup> No worries.

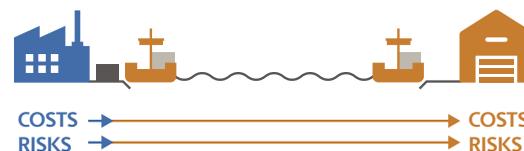
In international trade, the Incoterms<sup>®</sup> rules define the shipping responsibilities of the buyer and the seller. Short for international commercial terms, incoterms establish who pays for what, where responsibility for a shipment begins and ends and how both sides manage risk. Knowing your Incoterms rules helps you mitigate risk, avoid unexpected problems and provide better customer service.

## WHAT DO INCOTERMS COVER?

- Delivery points
- Transfer of risk
- Obligations like insurance and customs duties
- Separation of costs
- Mode of transportation

## RULES FOR SEA AND INLAND WATERWAY TRANSPORT

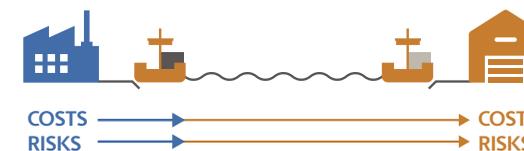
### FAS (Free Alongside Ship)



Seller delivers the goods to the buyer when goods are placed alongside (e.g. on a quay or barge) the ship named by the buyer at the named port of shipment, or when the seller procures goods already so delivered. Risk of loss or damage transfers to buyer when goods are alongside the ship

**Modes of transport:** Used only for sea or inland waterway transport where the parties intend to deliver the goods by placing the goods alongside a vessel.

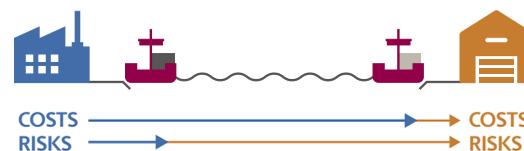
### FOB (Free on Board)



Seller delivers the goods to the buyer onboard the vessel chosen by the buyer at the named port of shipment, or procures the goods already so delivered. The risk of loss or damage to the goods transfers when goods are on board the vessel. Buyer assumes all risk from that point.

**Modes of transport:** Used only for sea or inland waterway transport where the parties intend to deliver the goods by placing the goods on board a vessel.

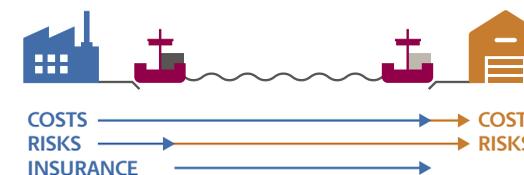
### CFR (Cost and Freight)



Seller delivers goods to the buyer on board the vessel or procures the goods already so delivered. The risk of loss of or damage to the goods transfers to the buyer when the goods are on board the vessel.

**Modes of transport:** Used only for sea or inland waterway transport. (If more than one mode is required, use the CPT incoterm.)

### CIF (Cost Insurance and Freight)



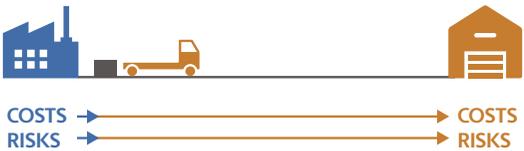
Seller delivers goods to the buyer onboard the vessel or procures the goods already so delivered. Risk of loss of or damage to the goods transfers to the buyer when the goods are on board the vessel. Seller must also contract for insurance coverage against the buyer's risk of loss or damage to the goods from the port of shipment to at least the port of destination.

**Modes of transport:** Used only for sea or inland waterway transport. (If more than one mode is required, use the CIP incoterm.)

Blue = seller's obligation    Orange = buyer's obligation    Plum = mixed or shared obligation

# RULES FOR ANY MODE OR MODES OF TRANSPORT

## EXW (Ex Works)



Seller delivers the goods to the buyer when it places the goods at the disposal of the buyer at a named place (ex, a factory or warehouse), which may or may not be the seller's premises. For delivery to occur, the seller does not need to load the goods on any collecting vehicle, nor does it need to clear the goods for export.

**Modes of transport:** Rule may be used irrespective of the mode or modes, if any, selected.

## FCA (Free Carrier)

Seller delivers the goods to the buyer in one of two ways:



1. When the named delivery place is the seller's premises, the goods are delivered when they are loaded on the means of transport arranged by the buyer.
2. When the named delivery place is somewhere other than the seller's premises, the goods are delivered when, having been loaded on the seller's means of transport, they reach the named other delivery place and are ready for unloading from the seller's means of transport, and is at the disposal of the carrier named by the buyer.

Whichever of the two is chosen, that place and time identifies where the risk transfers to the buyer.

**Modes of transport:** Rule may be used irrespective of the mode selected and may also be used where more than one mode is utilized.

## CPT (Carriage Paid To)



Seller delivers the goods—and transfers the risk—to the buyer by handing the goods over to the carrier contracted by the seller, or by procuring the goods so delivered. Seller may do so by giving the carrier physical possession of the goods in the manner, and at the place, appropriate to the means of transport used.

**Modes of transport:** All modes, even when more than one is employed.

## CIP (Carriage and Insurance Paid To)



Seller delivers the goods—and transfers the risk—to the buyer by handing the goods over to the carrier contracted by the seller, or by procuring the goods so delivered. Seller may do so by giving the carrier physical possession of the goods in the manner, and at the place, appropriate to the means of transport used. Seller must also contract for insurance coverage against the buyer's risk of loss of or damage to the goods from the point of delivery to at least the point of destination.

**Modes of transport:** All modes, even when more than one is employed.

## DAP (Delivered at Place)



The seller delivers the goods—and transfers the risk—to the buyer when the goods are placed at the disposal of the buyer, on the arriving means of transport, ready for unloading at the named place of destination. Seller bears all risk of bringing the goods to the named place of destination (i.e. delivery and arrival at destination are the same).

**Modes of transport:** Rule may be used irrespective of the mode selected and may also be used where more than one mode is utilized.

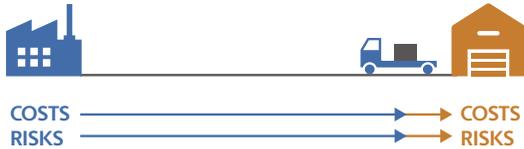
## DPU (Delivered at Place Unloaded)



Seller delivers the goods—and transfers the risk—to the buyer when the goods, once unloaded from the arriving means of transport, are placed at the disposal of the buyer at a named place of destination. Seller bears all risks in bringing goods to and unloading them at the named place of destination (i.e. delivery and arrival at destination are the same). (This is the only Incoterm that requires the seller to unload the goods at the destination.)

**Modes of transport:** Rule may be used irrespective of the mode selected and may also be used where more than one mode is utilized.

## DDP (Delivery Duty Paid)



Seller delivers the goods to the buyer, cleared for import on the arriving means of transportation, ready for unloading, at the named place of destination. Seller bears all risks involved in bringing the goods to the named destination (i.e. delivery and arrival at destination are the same).

**Modes of transport:** Rule may be used irrespective of the mode selected and may also be used where more than one mode is utilized.

Blue = seller's obligation    Orange = buyer's obligation    Plum = mixed or shared obligation