

# INCOTERMS® 2010

Chart prepared by Import-Export Services Pty Ltd

For illustrative purposes only. The full text of the rules are contained in International Chamber of Commerce publication 715

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## RULES FOR ANY MODE OR MODES OF TRANSPORT

Suitable for transport by land, air, sea or any combination of them

**These are the correct rules to use for shipment by sea in containers (LCL & FCL)**

In each of these rules, risk passes from seller to buyer at the point of delivery

These rules are suitable for both domestic and international trade, references to export and import clearances are if applicable

### EXW - EX WORKS (named place of delivery)

DELIVERY & RISK		
COST		

Seller makes goods available at his premises, not loaded on collecting vehicle, not cleared for export

This term should not be used when the buyer cannot itself directly or indirectly carry out export formalities

Suitable for domestic trade while FCA is usually more appropriate for international trade

This term represents the minimum obligations for the seller, maximum obligations for the buyer

### FCA - FREE CARRIER (named place of delivery)

DELIVERY & RISK		
COST		

Seller delivers goods to the buyer's carrier, cleared for export

If delivered at seller's premises then seller must load collecting vehicle

If delivered by seller to carrier's premises or elsewhere, seller does not unload the vehicle

### CPT - CARRIAGE PAID TO (named place of destination)

DELIVERY & RISK		
COST		

Seller delivers goods to the first carrier, cleared for export

Seller contracts and pays for carriage to destination place

This term is effectively "FCA plus freight prepaid"

### CIP - CARRIAGE AND INSURANCE PAID TO (named place of destination)

DELIVERY & RISK		
COST		

Seller delivers goods to the first carrier, cleared for export

Seller contracts and pays for carriage to destination place

Seller contracts and pays for insurance cover against the buyer's risk during transit

This term is effectively "FCA plus freight and insurance prepaid"

### DAT - DELIVERED AT TERMINAL (named terminal at port or place of destination)

DELIVERY & RISK		
COST		

Seller delivers goods to a named terminal at port or place of destination, unloaded from arriving means of transport

Seller is not responsible for import customs formalities

### DAP - DELIVERED AT PLACE (named place of destination)

DELIVERY & RISK		
COST		

Seller delivers when goods are placed at the disposal of the buyer at a named place of destination, not unloaded from arriving means of transport

Seller is not responsible for import customs formalities

If the delivery place is beyond the terminal, such as to buyer's premises, then seller's risk and cost resume once the buyer completes import customs formalities

### DDP - DELIVERED DUTY PAID (named place of destination)

DELIVERY & RISK		
COST		

Seller delivers when goods are placed at the disposal of the buyer at a named place of destination, often at buyer's premises, not unloaded from arriving means of transport

Seller is responsible for import customs formalities, including payment of duties and taxes

This term should not be used when the seller cannot itself directly or indirectly carry out import formalities

This term represents the maximum obligations for the seller, minimum obligations for the buyer

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## RULES FOR SEA AND INLAND WATERWAY TRANSPORT

**These are inappropriate rules to use for shipment by sea in containers (LCL & FCL)**

These rules should only be used where the seller has control of the goods right up to the delivery point

These rules are suitable for both domestic and international trade, references to export and import clearances are if applicable

### FAS - FREE ALONGSIDE SHIP (named port of shipment)

DELIVERY & RISK		
COST		

Seller delivers when goods are placed alongside the vessel (eg on a quay or a barge) nominated by the buyer at the named port of shipment, cleared for export

Where the goods are in containers, it is typical for the seller to hand the goods over to the carrier at a terminal, not alongside the ship, so the FCA rule should be used

### FOB - FREE ON BOARD (named port of shipment)

DELIVERY & RISK		
COST		

Seller delivers when goods are placed on board the vessel nominated by the buyer at the named port of shipment, cleared for export

Where the goods are in containers, it is typical for the seller to hand the goods over to the carrier at a terminal, not on board the ship, so the FCA rule should be used

### CFR - COST AND FREIGHT (named port of destination)

DELIVERY & RISK		
COST		

Seller delivers when goods are placed on board the vessel at the named port of shipment, cleared for export

Seller contracts and pays for carriage to the destination port

Where the goods are in containers, it is typical for the seller to hand the goods over to the carrier at a terminal, not on board the ship, so the CPT rule should be used

This term is effectively "FOB plus freight prepaid"

### CIF - COST INSURANCE AND FREIGHT (named port of destination)

DELIVERY & RISK		
COST		

Seller delivers when goods are placed on board the vessel at the named port of shipment, cleared for export

Seller contracts and pays for carriage to the destination port

Seller contracts and pays for insurance cover against the buyer's risk during transit

Where the goods are in containers, it is typical for the seller to hand the goods over to the carrier at a terminal, not on board the ship, so the CIP rule should be used

This term is effectively "FOB plus freight and insurance prepaid"

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