

A close-up photograph of a young woman with blonde hair, wearing a grey blazer over a light blue striped shirt. She is smiling warmly and looking towards the camera. In the foreground, a person's hand is visible, holding a white document or tablet. The background is softly blurred, showing another person's profile on the left.

Clarity. Delivered.

INCOTERMS® (2010) TRADE TERMS AND YOUR RESPONSIBILITIES
FOR BUYING AND SELLING ON INTERNATIONAL MARKETS

Customs
Logistics
System Solutions
Global Service



Our guide to Incoterms® Trade Terms (2010)

With tariffs, borders and oceans to navigate, international trade is complex. When all variables are considered, establishing agreeable terms of sale is as important as price. Incoterms® definitions help define the ground rules buyers and sellers should follow in order to eliminate surprises, and complete the delivery of goods on time, and on budget.

Within this guide you will find the current Incoterms® definitions presented in full detail. Should any further questions arise, please don't hesitate to call a Farrow representative.

WHO CREATED INCOTERMS® TRADE TERMS?

Incoterms®, (International Commercial Terms) trade terms are published by the International Chamber of Commerce (ICC). First developed in 1936, they are reviewed every 10 years against security developments, international trading obligations and more. The most recent update to the Incoterms® trade terms occurred in 2010.

SOURCE:

ICC website: www.iccwbo.org/products-and-services/trade-facilitation/incoterms-2010/the-incoterms-rules/
The full text of the 2010 edition of the Incoterms rules is available at: <http://store.iccwbo.org/>

"Incoterms" is a registered trademark of the International Chamber of Commerce (ICC).

What are Incoterms® definitions?

Incoterms® definitions lay out the generally accepted responsibilities of both sellers and buyers for the delivery of goods. They add clarity around the roles of each when it comes to product carriage, customs clearance and the allocation of risk. Incoterms® trade terms have established common rules about trade terminology, helping eliminate uncertainty around their interpretation in various countries around the globe.

With over 100 years of helping clients conduct business around the world, the team at Farrow offers expert guidance in contract negotiations incorporating Incoterms® definitions for clarity, and the peace of mind you need to thrive, anywhere.

LEGEND

- **SELLER RESPONSIBILITY**
- **BUYER RESPONSIBILITY**

SERVICES	RULES FOR ANY MODE OF TRANSPORT		
	EXW EX WORKS	FCA FREE CARRIER	CPT CARRIAGE PAID TO
PACKING	■	●	●
LOADING CHARGES	■	●	●
INLAND FREIGHT	■	●	●
TERMINAL CHARGES	■	■	●
INSURANCE	TBD	TBD	TBD
LOADING ON VESSEL	■	■	●
FREIGHT	■	■	●
ARRIVAL CHARGES	■	■	●
DUTY & TAXES	■	■	■
DELIVERY TO DESTINATION	■	■	■

RULES FOR SEA AND INLAND WATERWAY TRANSPORT

CIP CARRIAGE & INSURANCE PAID	DAT DELIVERED AT TERMINAL	DAP DELIVERED AT PLACE	DDP DELIVERED DUTY PAID	FAS FREE ALONGSIDE SHIP	FOB FREE ON BOARD	CFR COST AND FREIGHT	CIF COST, INSURANCE & FREIGHT
●	●	●	●	●	●	●	●
●	●	●	●	●	●	●	●
●	●	●	●	●	●	●	●
●	●	●	●	●	●	●	●
●	TBD	TBD	TBD	TBD	TBD	TBD	●
●	●	●	●	■	●	●	●
●	●	●	●	■	■	●	●
●	●	●	●	■	■	■	■
■	■	■	●	■	■	■	■
■	■	●	●	■	■	■	■

Incoterms® trade terms are grouped in two classes as follows:

RULES FOR ANY MODE OR MODES OF TRANSPORT

EXW / EX WORKS

“Ex Works” means that the seller delivers when it places the goods at the disposal of the buyer at the seller’s premises or at another named place (i.e., works, factory, warehouse, etc.). The seller does not need to load the goods on any collecting vehicle, nor does it need to clear the goods for export, where such clearance is applicable.

FCA / FREE CARRIER

“Free Carrier” means that the seller delivers the goods to the carrier or another person nominated by the buyer at the seller’s premises or another named place. The parties are well advised to specify as clearly as possible the point within the named place of delivery, as the risk passes to the buyer at that point.

CPT / CARRIAGE PAID TO

“Carriage Paid To” means that the seller delivers the goods to the carrier or another person nominated by the seller at an agreed place (if any such place is agreed between parties) and that the seller must contract for and pay the costs of carriage necessary to bring the goods to the named place of destination.

CIP / CARRIAGE AND INSURANCE PAID TO

“Carriage and Insurance Paid to” means that the seller delivers the goods to the carrier or another person nominated by the seller at an agreed place (if any such place is agreed between parties) and that the seller must contract for and pay the costs of carriage necessary to bring the goods to the named place of destination.

“The seller also contracts for insurance cover against the buyer’s risk of loss of or damage to the goods during the carriage. The buyer should note that under CIP the seller is required to obtain insurance only on minimum cover. Should the buyer wish to have more insurance protection, it will need either to agree as much expressly with the seller or to make its own extra insurance arrangements.”

DAT / DELIVERED AT TERMINAL

“Delivered at Terminal” means that the seller delivers when the goods, once unloaded from the arriving means of transport, are placed at the disposal of the buyer at a named terminal at the named port or place of destination. “Terminal” includes a place, whether covered or not, such as a quay, warehouse, container yard or road, rail or air cargo terminal. The seller bears all risks involved in bringing the goods to and unloading them at the terminal at the named port or place of destination.

DAP / DELIVERED AT PLACE

“Delivered at Place” means that the seller delivers 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. The seller bears all risks involved in bringing the goods to the named place.

DDP / DELIVERED DUTY PAID

“Delivered Duty Paid” means that the seller delivers the goods when the goods are placed at the disposal of the buyer, cleared for import on the arriving means of transport ready for unloading at the named place of destination. The seller bears all the costs and risks involved in bringing the goods to the place of destination and has an obligation to clear the goods not only for export but also for import, to pay any duty for both export and import and to carry out all customs formalities.

RULES FOR SEA AND INLAND WATERWAY TRANSPORT

FAS / FREE ALONGSIDE SHIP

“Free Alongside Ship” means that the seller delivers when the goods are placed alongside the vessel (e.g., on a quay or a barge) nominated by the buyer at the named port of shipment. The risk of loss of or damage to the goods passes when the goods are alongside the ship, and the buyer bears all costs from that moment onwards.

FOB / FREE ON BOARD

“Free On Board” means that the seller delivers the goods on board the vessel nominated by the buyer at the named port of shipment or procures the goods already so delivered. The risk of loss of or damage to the goods passes when the goods are on board the vessel, and the buyer bears all costs from that moment onwards.

CFR / COST AND FREIGHT

“Cost and Freight” means that the seller delivers the goods on board the vessel or procures the goods already so delivered. The risk of loss of or damage to the goods passes when the goods are on board the vessel. The seller must contract for and pay the costs and freight necessary to bring the goods to the named port of destination.

CIF / COST, INSURANCE AND FREIGHT

“Cost, Insurance and Freight” means that the seller delivers the goods on board the vessel or procures the goods already so delivered. The risk of loss of or damage to the goods passes when the goods are on board the vessel. The seller must contract for and pay the costs and freight necessary to bring the goods to the named port of destination.

“The seller also contracts for insurance cover against the buyer’s risk of loss of or damage to the goods during the carriage. The buyer should note that under CIF the seller is required to obtain insurance only on minimum cover. Should the buyer wish to have more insurance protection, it will need either to agree as much expressly with the seller or to make its own extra insurance arrangements.”

Eliminate surprises with Incoterms® definitions for international shipping. Ask us how.

**FOR DETAILS OF OUR SERVICES,
PLEASE CONTACT YOUR LOCAL OFFICE:**

Battle Creek

4950 West Dickman Rd
Battle Creek, MI
49037-7362
TEL +1.269.966.4549
FAX +1.269.966.4546

Detroit

27221 Northline Rd
Taylor, MI
48180-4400
TEL +1.734.955.7799
FAX +1.734.955.6466

Chicago

10600 West Higgins Rd, Suite 516
Rosemont, IL
60018
TEL +1.847.228.5575
FAX +1.847.228.6434

Calgary

3115 12th St N.E., Suite 350
Calgary, AB
T2E 7J2
TEL +1.403.735.0560
AFTER HOURS 4:30pm–8:30am
AFTER HOURS TEL +1.403.589.2855

Toronto

3405 American Dr, Unit #11
Mississauga, ON
L4V 1T6
TEL +1.905.677.7511
AUTO-ATTENDANT +1.416.622.9327
AFTER HOURS 4:30pm–8:00am
PARS NUMBER +1.877.832.7769

SOURCE:

ICC website: www.iccwbo.org/products-and-services/trade-facilitation/incoterms-2010/the-incoterms-rules/
The full text of the 2010 edition of the Incoterms rules is available at: <http://store.iccwbo.org/>

"Incoterms" is a registered trademark of the International Chamber of Commerce (ICC).

farrow.com

