



Incoterms® 2010

**ICC (International Chamber of Commerce) Official
Rules for the Interpretation of Trade Terms**

DATE

Success is a Choice...

- You may be responsible for goods you neither own nor possess?
- You may own goods you neither possess nor are responsible for?
- You may possess goods you are neither responsible for nor own?
- Who owns the freight on this ship?



“...I can assure you, your order is on the water...”

Do we need Insurance?

- Do we have contingency insurance?
- Did the Seller provide the right insurance?
- When will this freight deliver?
- Who pays for the recovery of the goods?



Why are we here today?



When negotiating your purchase or your sale, remember –

Business today revolves more and more around who has the most efficient and cost effective Supply Chain.

INCOTERMS® are a fundamental tool for the Global Supply Chain.

Incoterms® vs. UCC (Uniform Commercial Code)

- The primary material difference between the UCC and Incoterms® is that the UCC addresses the passage of title, while Incoterms® address the passage of risk and responsibility.
 - ✓ **In an international sales transaction, the sales contract must specify the passage of title to the goods.**
- Trade terms FOB, CIF and so on are defined within the United States federal Uniform Commercial Code (UCC). First published in 1952, UCC covers many aspects of commercial contracts. It contains “shipment and delivery” provisions that have similar aims to those of the Incoterms® Rules.
- Some UCC expressions have the same three-letter abbreviations as those within the Incoterms® system; but their definitions are totally different. Notoriously, “FOB” can have a number of different meanings within UCC, most of which do not correspond with the ICC Incoterms® FOB definition.
- Companies in the U.S. are therefore faced with the prospect of mastering two versions of the UCC for use with domestic transactions, plus ICC Incoterms Rules for use with cross-border transactions.

The History & Purpose of Incoterms®



Incoterms® were first established in 1936 by the International Chamber of Commerce (ICC) in Paris, France.

The ICC recognized the need for a standard set of shipping terms that could be used by international business people:



International Commerce Terms

Incoterms® are intended to be used as a set of Rules that Sellers and Buyers of goods can use to guide them through the shipping process.

ICC (International Chamber of Commerce) Official Rules for the Interpretation of Trade Terms



The first Incoterms[®] Rules were released in 1936 by the ICC and represented a radically new concept in an industry regulated by local Rules of law. ICC's Incoterms[®] help traders avoid misunderstandings by clarifying the cost, risk, and the allocation of certain responsibilities of buyers and sellers in contracts for the sale of goods.

As international trade becomes more complex universally used Rules are essential to avoid misunderstandings and costly disputes. Regularly incorporated into sales contracts worldwide, Incoterms[®] Rules define the responsibilities of sellers and buyers for the delivery of goods.

Incoterms[®] 2010 continues a 70-year ICC tradition and reflects the latest developments in commercial practice and updates, and consolidates some of the former Rules.



The word “Incoterms” is a registered trademark of the Paris base International Chamber of Commerce (ICC), which has been providing and updating these trade Rules since 1936. The Phrase “Incoterms ” and is used with ICC’s Permission.

- **With participation in over 90 countries nine drafting meeting’s followed and the final (fourth) proposed draft was submitted to the Commercial Law and Practice Commission for approval on May 6, 2010.**
- **The Official Incoterms 2010® was released in September 2010 and will came into force on January 1, 2011.**



By selecting an Incoterms® Rule, the parties effectively specify many of the material terms of the contract between them.

- Incoterms Rules do not specify all terms, however. There are still matters that should be detailed in individual contracts (i.e. Purchase Order).
- Incoterms 2010 and the UCC sometimes use the same terms, but assign to them different meanings: the terms “FOB” and “CIF” are examples.
- To avoid confusion, be clear about whether you are using Incoterms® 2010 or the UCC, and understand the differences between them.
- Below are examples of terms not supplied by selection of an Incoterms 2010 Rule: the manner of payment, what constitutes a conforming tender, what remedies are available in the event of breach, and when title transfers.



All INCOTERMS must be expressed by the appropriate three-letter code and include the naming of a physical place of handover and - in certain cases - the further naming of the carrier or Vessel.

- The buyer and seller must use the expression INCOTERMS® 2010 to conclude the term, thereby clearly indicating INCOTERMS® 2010 as the source of reference for definition.
- These conditions are the minimum requirements for the use of these terms but the terms can be added to or modified so as to incorporate the buyer and seller's specific needs, provided that such modification does not contradict the basic INCOTERM itself.

EXAMPLE: Ex-WORKS (...Named Place)

EXW ABC Factory Paris, France (Incoterms 2010®)

The Incoterms rules focus on these two key aspects of the transaction:



Which party ([Buyer](#) or [Seller](#)) is responsible for arranging and paying for transport (and associated activities such as loading or unloading), import and export procedures, insuring the goods etc.?

- At what point in the journey does responsibility for the consignment transfer from seller to buyer? This becomes important if the goods are lost or damaged in transit.
- The Incoterms® 2010 revision contains 11 rules – follow the links on the left for brief summaries of their key features.
- By agreeing to use an Incoterms rule, the buyer and seller achieve clarity in defining their obligations and responsibilities.

*Note that the Incoterms rules do not attempt to cover all aspects of the commercial agreement there are important matters such as transfer of title and how the goods are to be paid for, on which the Incoterms rules are silent.

Naming a Place in the Supply Chain

It's important that the use of an Incoterms® includes reference to a physical place in the supply chain.



- It is at that named place, port, or terminal in the supply chain where the Seller's delivery obligation ends.
- It is for this reason that each Incoterm® is followed by a reference to a specific location in the supply chain.
- An Incoterm® is *meaningless* until you assign one of four potential locations within the Supply Chain:
 - ✓ **A Place at Origin**
 - ✓ **A Port at Origin**
 - ✓ **A Port at Destination**
 - ✓ **A Place at Destination**

Incoterms® Expired & Added Terms



Expired on 1/1/11

- Delivered At Frontier (DAF)
- Delivered Ex Ship (DES)
- Delivered Ex Quay (DEQ)
- Delivered Duty Unpaid (DDU)

Added on 1/1/11

- Delivered At Terminal (DAT)
- Delivered At Place (DAP)
- ***“Ship’s Rail”* has been eliminated as a delivery point for FOB, CFR, & CIF.**
- **A specific provision for division of responsibilities for security related information has been added to the terms.**
- **Security clearances went into effect post Incoterms® 2000.**





A new classification system divides the 11 Incoterms® Rules into two distinct groups:

Rules for any mode of transport: Omnimodal

EXW FCA CPT CIP DAT DAP DDP

Rules for waterway transport: Waterborne only

FAS FOB CFR CIF



Incoterms® Rules consist of 4 groups (E,F,C,D) and are listed in order of increasing risk / liability to the exporter.

“E” term: seller’s obligation and control of shipment is at its minimum

“F” terms: require the buyer to arrange for main carriage

“C” terms: require the seller to arrange for main carriage

“D” terms: seller’s obligation and control is at its maximum

To Recap - Delivery Terms



Rules for any mode of transport:

EXW FCA CPT CIP DAT DAP DDP

Rules for waterway transport:

FAS FOB CFR CIF

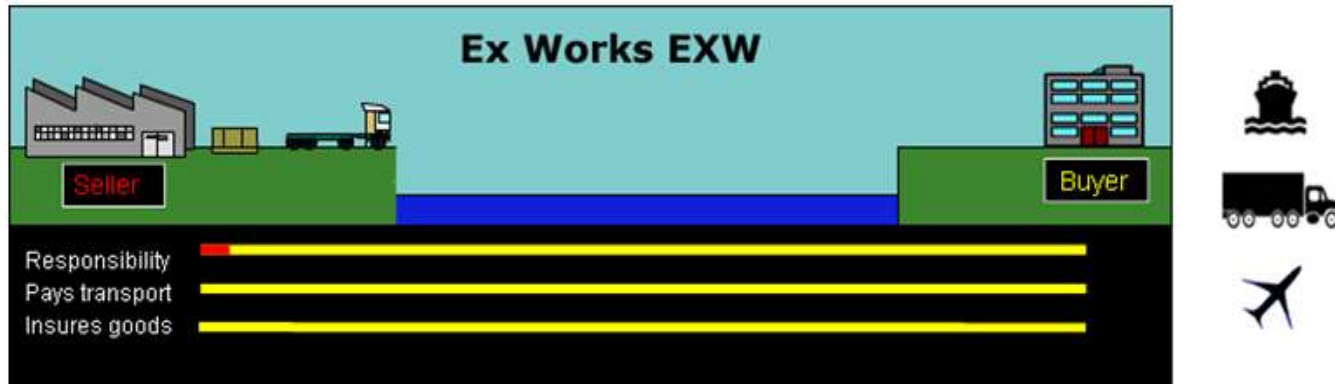


Ex-Works (EXW): Named Place of Delivery

Minimum risk to the Seller



- This Rule places minimum responsibility on the seller, who merely has to make the goods available, suitably packaged, at the specified place, usually the seller's factory or depot
- Delivery occurs when goods are made available at the Seller's facility in origin
- Seller is not responsible for export customs clearance or loading of collecting vehicle
- All transportation & customs related costs are for account of the Buyer
- Maximum responsibility for risk of loss or damage to the Buyer
- Can be used with any mode or transport or combination thereof



*Other things to watch for. Although the seller is not obliged to load the goods, if the seller does so, this is at the buyer's risk!

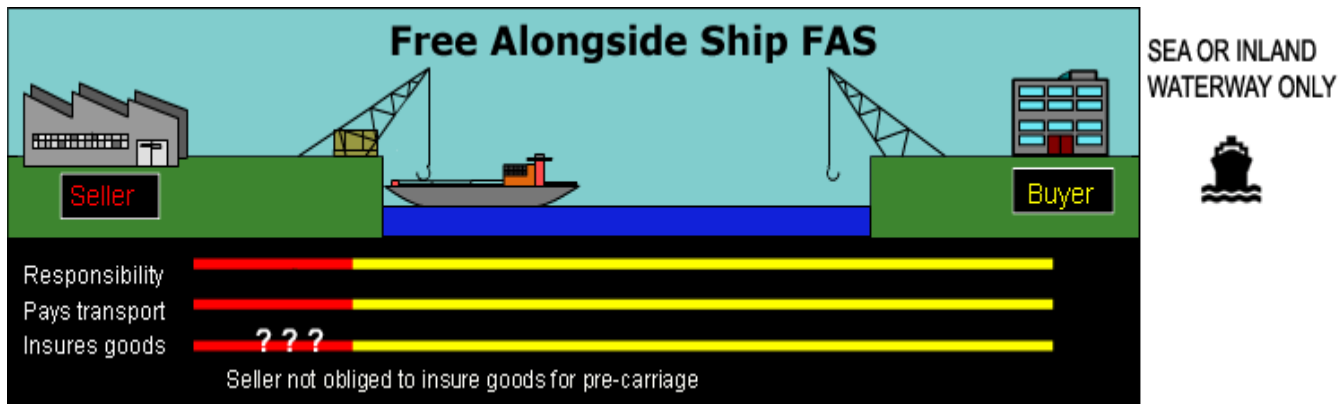
Free Alongside Ship (FAS): Named Port of Shipment

Use of this Rule is restricted to goods transported by sea or inland waterway.



Delivery occurs in the port of shipment alongside the vessel, prior to loading

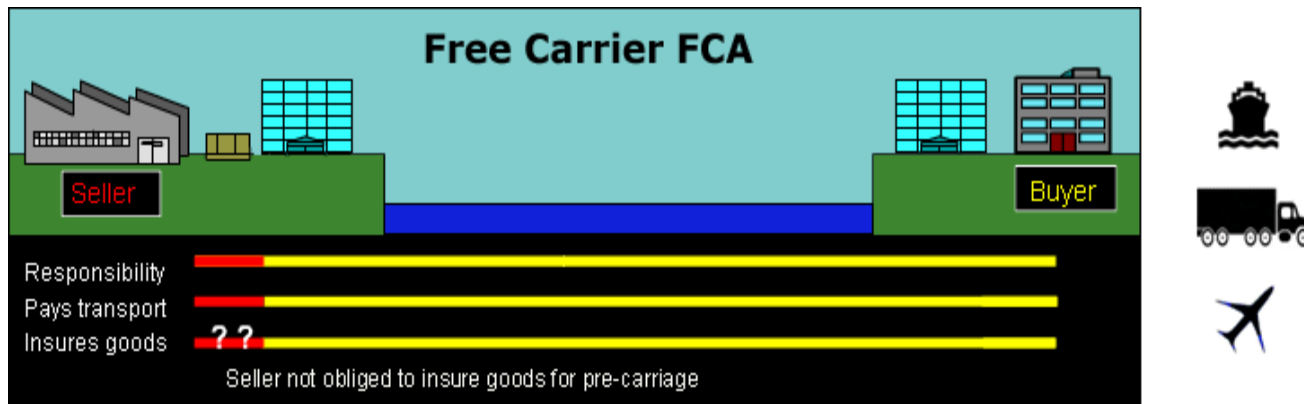
- Export clearance and inland freight charges up to the delivery point are for the Seller’s account
- All charges beyond delivery point (including loading onboard the vessel at origin) are for the Buyer
- FAS is normally used for over sized or out of gauge shipments with special handling requirements
- Intended for ocean or inland waterway transportation only
- The buyer is responsible for loading the goods and all costs thereafter





There can be more than one delivery point at origin (Seller's facility, forwarder's facility, port or airport)

- Delivery occurs when goods are presented to the carrier nominated by the Buyer at the named place or port, cleared for export
- If delivery is at Seller's facility, the Seller must load the collecting vehicle
- If delivery is not at the Seller's facility, Buyer is responsible for off-loading
- All costs and risks beyond delivery point are for Buyer's account
- Can use any mode of transport



*In all cases, the seller is responsible for export clearance; the buyer assumes all risks and costs after the goods have been delivered at the named place.

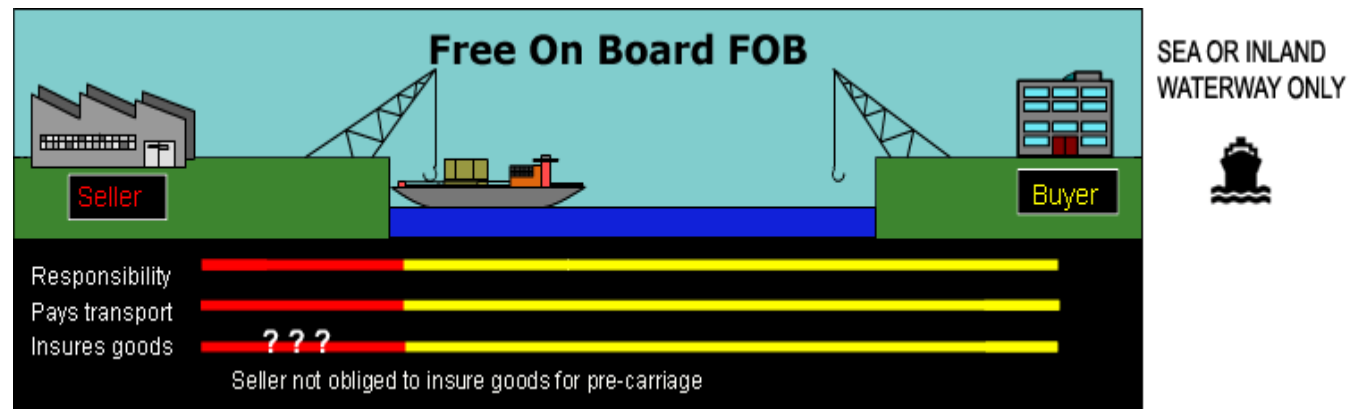
Free On Board (FOB): Named Port of Shipment

Use of this Rule is restricted to goods transported by sea or inland waterway.



Delivery occurs in the port of shipment when goods are loaded on board the vessel

- Export clearance and inland freight charges up to the delivery point are for the Seller's account
- Seller delivers goods, cleared for export, loaded on board the vessel at the named port
- All costs and risk beyond the delivery point are for the Buyer
- FOB is better suited for bulk cargo & not suitable for containerized cargo
- Once the goods have been loaded on board, risk transfers to the buyer, who bears all costs thereafter

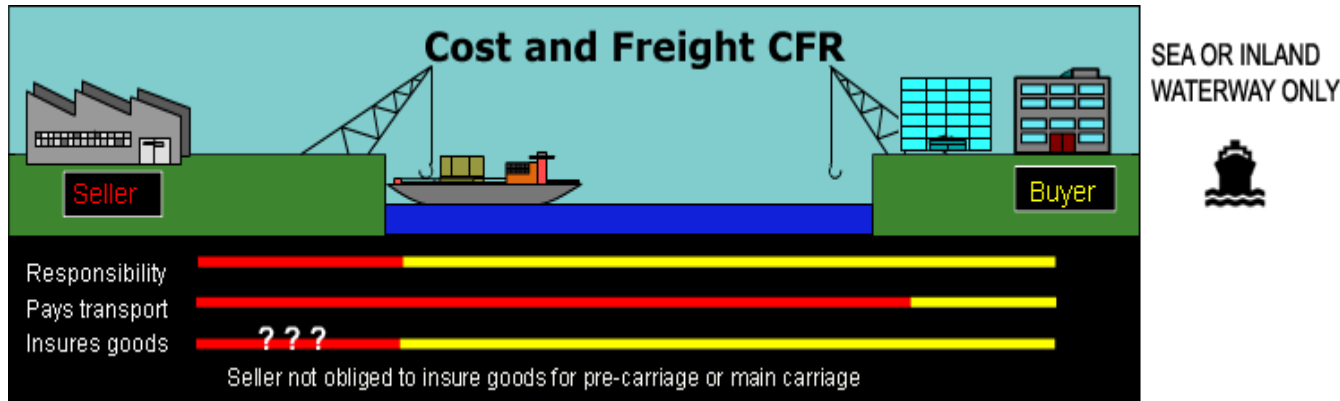


Cost & Freight (CFR): Named Port of Destination



Use of this Rule is restricted to goods transported by sea or inland waterway.

- Delivery occurs in the port of shipment when goods are loaded on board the vessel
- Per above, risk shifts to the Buyer at the port of shipment
- Seller is responsible for all transportation costs up to the port of arrival or
- Seller is not responsible for insuring the goods for the main carriage
- Better suited for bulk cargo
- Not meant for containerized cargo (consider CPT as an alternative)

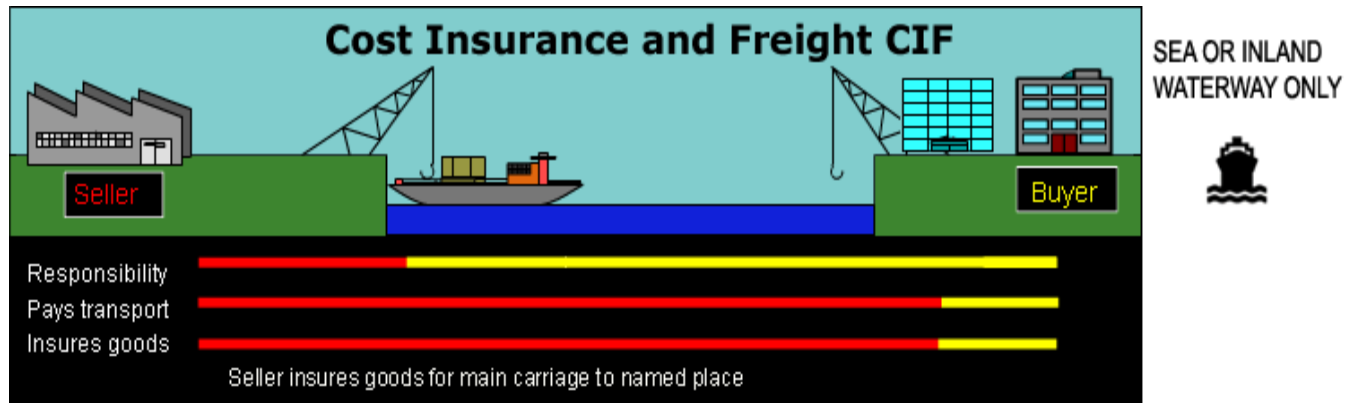


Cost, Insurance & Freight (CIF): Named Port of Destination

Use of this Rule is restricted to goods transported by sea or inland waterway.



- Delivery occurs in the port of shipment when goods are loaded on the vessel
- Risk shifts to the Buyer at the port of shipment
- Seller is responsible for all transportation costs up to the port of arrival
- Seller must secure minimum cover insurance on behalf of Buyer
- Better suited for bulk cargo
- Not intended for containerized cargo (consider CIP as an alternative)



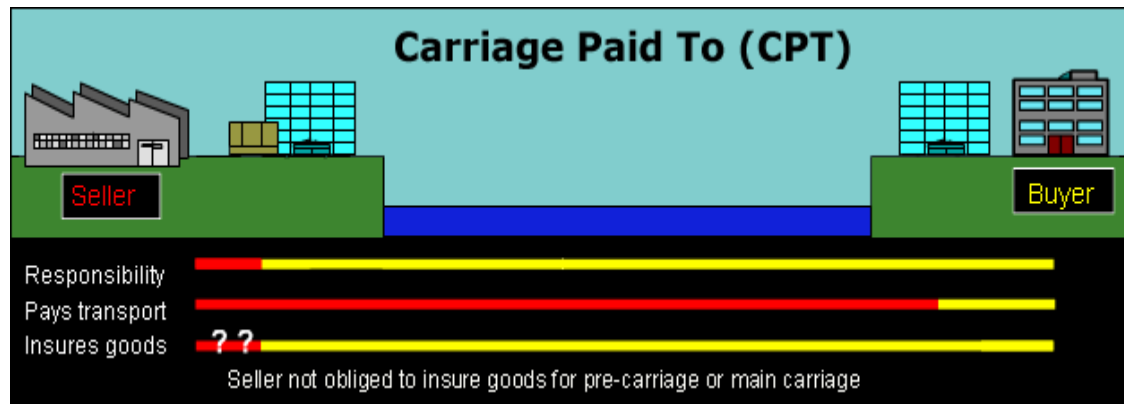
*Other things to watch for. The Rule only require a minimum level of cover, which may be commercially unrealistic. Therefore the level of cover may need to be addressed elsewhere in the commercial agreement.

Carriage Paid To (CPT): Named Place of Destination



Can be used for any transport mode, or where there is more than one transport mode.

- Risk shifts with the first carrier at origin (normally the collecting vehicle at the Seller’s facility)
- Can be used for any mode of transportation or combination thereof
- Seller is responsible for all transportation costs up to the named place at destination
- Very important to name the place at destination (port, airport or inland location)



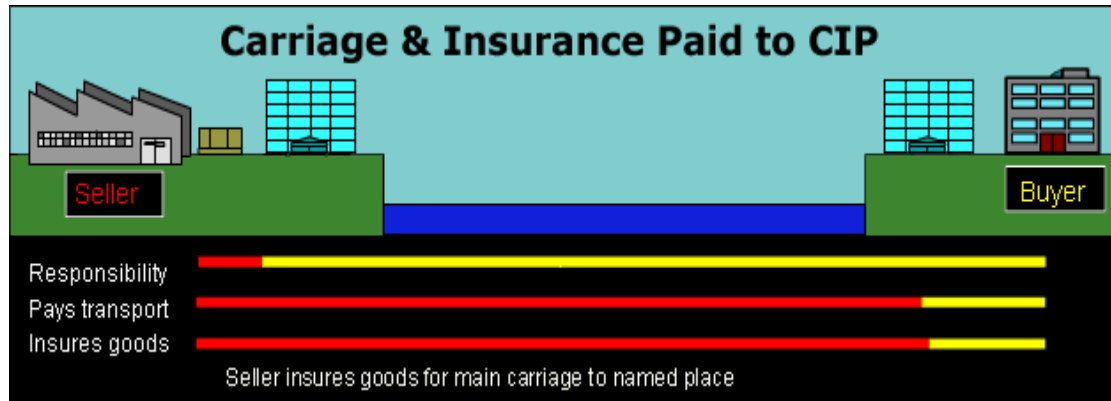
*Other things to watch for. [Terminal Handling Charges](#) (THC) are charges made by the terminal operator. These charges may or may not be included by the carrier in their freight rates – the buyer should enquire whether the CPT price includes THC, so as to avoid surprises.

Carriage & Insurance Paid To (CIP): Named Place of Destination

Can be used for any transport mode, or where there is more than one transport mode. The seller is responsible for arranging carriage to the named place, and also for insuring the goods.



- Seller is responsible for all transportation costs up to the named place at destination
- Very important to name the place at destination (port, airport or inland location)
- Risk shifts with the first carrier at origin (normally the collecting vehicle at the Seller’s facility)
- Seller must secure minimum cover insurance on behalf of the Buyer



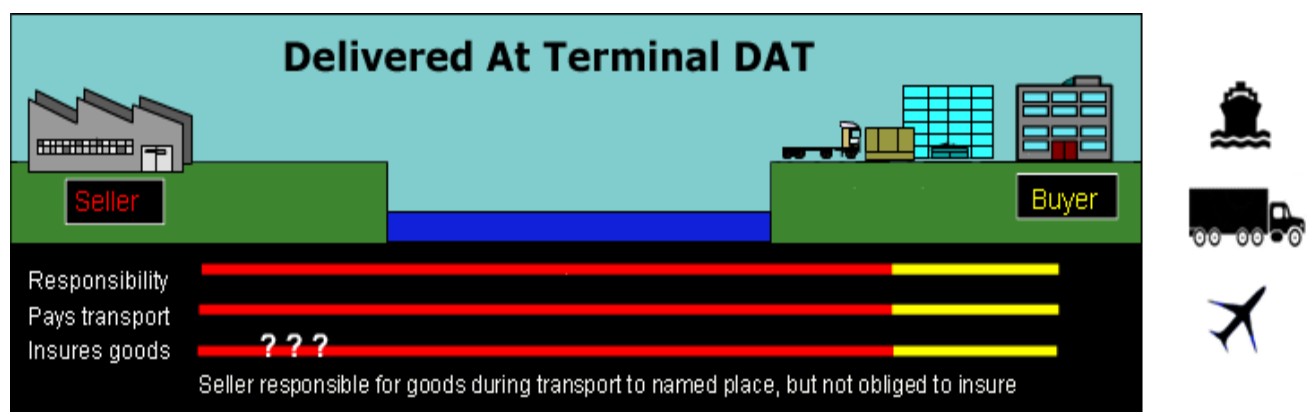
*Other things to watch for. [Terminal Handling Charges](#) (THC) are charges made by the terminal operator. These charges may or may not be included by the carrier in their freight rates – the buyer should enquire whether the CPT price includes THC, so as to avoid surprises.

Delivered at Terminal (DAT): Named Terminal at Port or Place of Destination

Can be used for any transport mode, or where there is more than one transport mode.



- The seller is responsible for arranging carriage and for delivering the goods, unloaded from the arriving conveyance, at the named place
- 'Terminal' can be any place – a quay, container yard, warehouse or transport hub
- Risk transfers from seller to buyer when the goods have been unloaded
- Delivery is complete when the goods are placed at the disposal of the Buyer at a named terminal at the named port or place of destination, off-loaded
- Buyer is responsible for customs clearance, duties & taxes



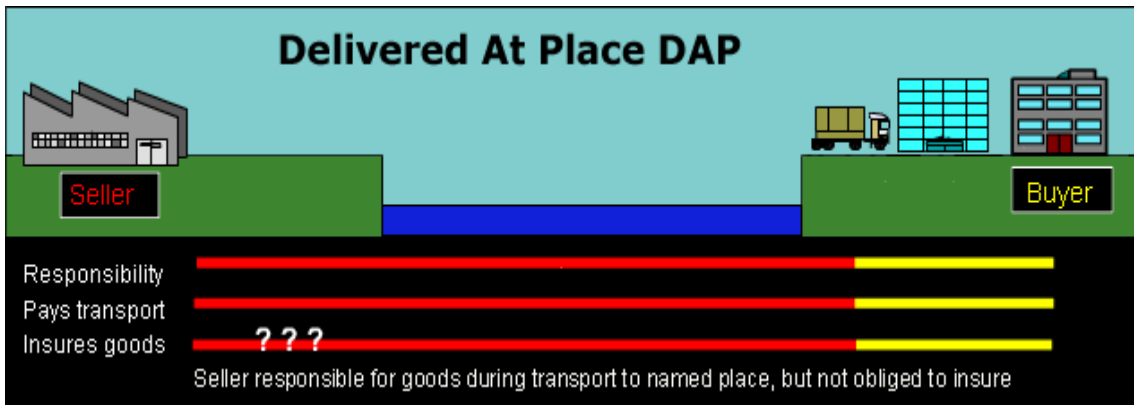
*Things to watch for: The place for delivery should be specified as precisely as possible, as many ports and transport hubs are very large.

Delivered at Place (DAP): Named Place of Destination

Can be used for any transport mode, or where there is more than one transport mode.



- Seller delivers when goods are made available to the Buyer at the named place in destination, prior to customs clearance and not unloaded from the delivering vehicle
- Multiple options for named place at destination (ocean/air port, warehouse or Buyer's facility)
- Seller is responsible for all transportation costs up to named place at destination
- Risk of loss or damage passes to Buyer at named place in destination
- Seller is not responsible for any customs taxes, duties, VAT or cost of clearance formalities

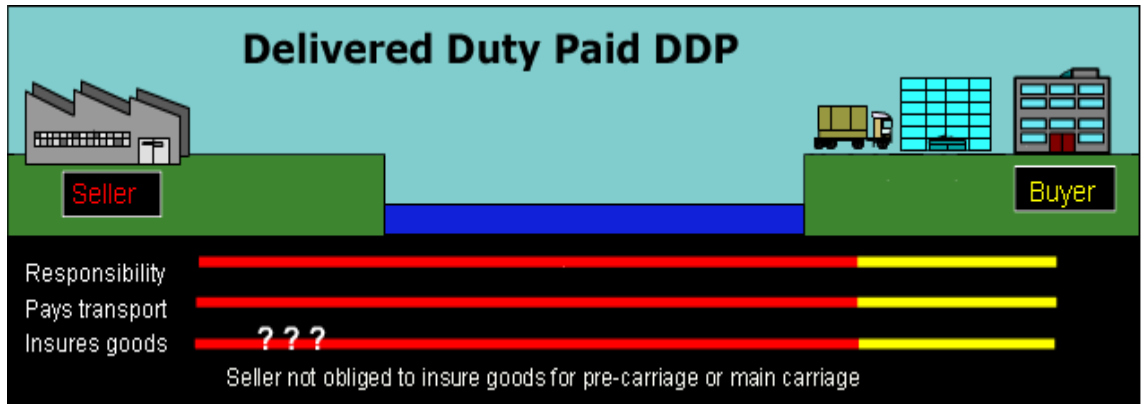


Delivered Duty Paid (DDP): Named Place of Destination

Can be used for any transport mode, or where there is more than one transport mode.



- Seller delivers when goods are made available to the Buyer at the named place at destination, cleared for import but not unloaded from the delivering vehicle
- Multiple options for named place at destination (ocean/air port, warehouse or Buyer's facility)
- Seller is responsible for all transportation costs up to named place at destination
- Risk of loss or damage passes to Buyer at named place at destination
- Seller is responsible for all customs taxes, duties, VAT and cost of clearance formalities



***NOT recommended if Buyer wants control of import documents and declarations to Customs**

Incoterms® Chart

http://www.wcl-shipping.com/wcl-17/wcl/images/pdf/incoterms_2010_chart.pdf



	Rules for any mode or modes of transport							Rules for sea and inland waterway transport			
	EXW	FCA	CPT	CIP	DAT	DAP	DDP	FAS	FOB	CFR	CIF
	Ex Works	Free Carrier	Carriage Paid To	Carriage & Insurance Paid To	Delivered at Terminal	Delivered at Place	Delivered Duty Paid	Free Alongside Ship	Free on Board	Cost & Freight	Cost, Insurance & Freight
SERVICES	Who Pays	Who Pays	Who Pays	Who Pays	Who Pays	Who Pays	Who Pays	Who Pays	Who Pays	Who Pays	Who Pays
Export Packing	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Marking & Labeling	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Block and Brace	1	1	1	1	1	1	1	1	1	1	1
Export Clearance (License, EE/AES)	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Freight Forwarder Documentation Fees	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Buyer	Buyer	Seller	Seller
Inland Freight to Main Carrier	Buyer	2	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Origin Terminal Charges	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Buyer	Seller	Seller	Seller
Vessel Loading Charges	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Buyer	Seller	Seller	Seller
Ocean Freight / Air Freight	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Buyer	Buyer	Seller	Seller
Nominate Export Forwarder	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Buyer	Buyer	Seller	Seller
Marine Insurance	3	3	3	Seller	3	3	3	3	3	3	Seller
Unload Main Carrier Charges	Buyer	Buyer	4	4	Seller	Seller	Seller	Buyer	Buyer	4	4
Destination Terminal Charges	Buyer	Buyer	4	4	4	Seller	Seller	Buyer	Buyer	4	4
Nominate On-Carrier	Buyer	Buyer	5	5	5	5	Seller	Buyer	Buyer	Buyer	Buyer
Security Information Requirements	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer
Customs Broker Clearance Fees	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Buyer	Buyer	Buyer	Buyer
Duty, Customs Fees, Taxes	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Buyer	Buyer	Buyer	Buyer
Delivery to Buyer Destination	Buyer	Buyer	5	5	5	5	Seller	Buyer	Buyer	Buyer	Buyer
Delivering Carrier Unloading	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer

1 – Incoterms® 2010 do not deal with the parties' obligations for stowage within a container and therefore, where relevant, the parties should deal with this in the sales contract.

2 – FCA Seller's Facility – Buyer pays inland freight; other FCA qualifiers. Seller arranges and loads pre-carriage carrier and pays inland freight to the "F" delivery place

3 – Incoterms® 2010 does not obligate the buyer nor must the seller to insure the goods, therefore this issue be addressed elsewhere in the sales contract.

4 – Charges paid by Buyer or Seller depending on contract of carriage.

5 – Charges paid by Seller if through Bill of Lading or door-to-door rate to Buyer's destination



- ✓ Incoterms® are **NOT** your primary contract of sale
- ✓ Consider terms appropriate to the goods being shipped
- ✓ Consider terms fitting to the necessary transport
- ✓ Decide who will organize the transport
- ✓ Decide who will organize the insurance, if required
- ✓ Is the chosen Incoterms® allowed in the countries where we're operating?
- ✓ Incorporate the appropriate Rule into the contract of sale
- ✓ Pinpoint the point, place and port of delivery as precisely as possible
- ✓ Incorporate Incoterms® *2010 into your contract of sale*

Can we identify the terms that are appropriate for our business?



As an importer, we should determine the exporter's price and which elements of the transport cost are included in the negotiated sales price.

This is usually indicated by the trading term that the exporter quotes immediately after the selling price. It's important to know which trading term is quoted because it represents significant differences in the exporters selling price.

Incoterms® 2010 will also address duties to provide information regarding security-related clearances, such as Importer Security Filings and other chain-of-custody information.



Incoterms® Rules

Incoterms® Rules consist of 4 groups (E,F,C,D) and are listed in order of increasing risk / liability to the exporter.



“E” term: seller’s obligation and control of shipment is at its minimum

“F” terms: require the buyer to arrange for main carriage

“C” terms: require the seller to arrange for main carriage

“D” terms: seller’s obligation and control is at its maximum

Note:

If you want the Incoterms® 2010 Rules to apply to your contract, you should make this clear in the contract, through such words as, “*the chosen Incoterms® Rules including the named place, followed by Incoterms® 2010”.*



Contract of Carriage:

The Incoterm utilized in a transaction will dictate which party is responsible for each transportation segment and its corresponding contract of carriage.



- **Pre-Carriage**: the transportation segment from the seller's location to the point where the cargo would leave from the seller's side. Example, to arrange for pre-carriage, you would contract with an inland carrier to make delivery to a port or airport.
- **Main Carriage**: the transportation segment from the seller's side to the buyer's side. Example, to arrange for main-carriage, you would contract for ocean or air carriage.
- **On-Carriage**: the transportation segment from the point of arrival on the buyer's side to the designated ultimate receiver. Example, to arrange for on-carriage, you would contract with an inland carrier to make delivery from the port/airport of arrival to the ultimate receiver.
- **Delivery**: Delivery is the point where the risk transfers from the seller to the buyer. Delivery is defined for each Incoterm.

Contract vs. Incoterms



Incoterms do not constitute a contract between two parties. In a situation where the two parties have no contractual agreement between them, they can still mutually agree on Incoterms[®], however, those Incoterms[®] do not and will not constitute a legally binding contract.

Incoterms[®], when agreed to by the buyer and seller must be included in the contract, invoice or bill of sale. In the event of a dispute between the buyer and sellers, courts have considered, in order of precedence:

- 1) The Sales Contract if any**
- 2) Course of Performance**
- 3) Course of Dealing**
- 4) Industry standards. (*Additional factors that would be considered are which entity has possession, whether payment has been made, and what the Incoterms are*).**



Underlying Contract – Incoterms® were designed to be used within the context of a written contract for the sale of goods (not services). Therefore, refer to the contract of sale, rather than the contract of carriage of goods. Buyers and sellers should specify that their contract be governed by Incoterms® 2010

Components – Each Incoterm® has two components:

- 1) The term name
- 2) Named place, port or terminal

For example: “EXW, Seller’s warehouse located at _____.” or, “DDP, Buyer’s warehouse located at _____.”

- **An Incoterm® is incomplete without both components.**



In addition to a specific “names port,” “place,” or “terminal,” it may be necessary to name a precise “point of delivery.”

For example – the original terms of sale may state “CFR Port of Houston.” The port of Houston, however, is huge. The buyer who prefers a particular point within the port should name the specific point in the sales contract and in the trade term.

- This may be an important issue in situation where the buyer is responsible of unloading, storage, and other charges once the goods have been made available at the named place.
- In some cases it may not be possible for the buyer to name the precise point of delivery at the time of contract. However, if the buyer does not do so in a timely manner, the seller may make delivery within a range of places that is within the terms of the contract, but inconvenient for the buyer.



Incoterms® 2010 will also address duties to provide information regarding security-related clearances, such as Importer Security Filings and other chain-of-custody information.

Choose the appropriate Incoterms® Rule: The chosen Incoterms Rule needs to be appropriate to the goods, to the means of their transport, and above all to whether the parties intend to put additional obligations.

Both parties should be aware that the interpretation of their contract may well be influenced by customs particular to the port or place being used.

Within your Purchasing Terms specify your place or port as precisely as possible – the chosen Incoterms Rule can work only if the parties name a place or port, and will work best if the parties specify the place or port as precisely as possible.

A good example would be:

“FCA 38 Cours Albert 1er, Paris, France Incoterms® 2010”

Contract vs. Incoterms

INCOTERMS DO NOT...



- a) Determine transfer of title to the goods nor apply to service contracts**
- b) Do not deal with the parties' obligations for stowage within a container and therefore, where relevant, the parties should deal with this in the sales contract.**
- c) Define contractual rights or obligations, except for delivery, nor breach of contract remedies**
- d) Specify details of the transfer, transport, and delivery of the goods**
- e) Protect parties from their own risk or loss**
- f) Does not obligate the buyer nor must the seller to insure the goods, therefore this issue be addressed elsewhere in the sales contract.**
- g) Cover goods before or after delivery**

INCOTERMS DO NOT...



Incoterms® 2010 are not sufficient on their own to express the full intent of the parties.

- **Incoterms® Rules do not give you a complete contract of sale.**
- **Do not deal with the transfer of ownership of the goods, or the consequences of a breach of contract.**
- **Define contractual rights and obligations other than for delivery.**
- **Determine how title to the goods will be transferred.**
- **Protect a party from risk or loss.**

***These matters are normally dealt with through express terms in the contract of sale or in the law governing the contract. Parties should be aware that mandatory local law may override any aspect of the sale contract, including the chosen Incoterms® Rule.**



- Incoterms must always be accompanied by a “named place” including city, province/state and country.
- Example of correct Incoterm® statement:

FOB Houston, Texas, USA (Incoterms 2010)

- Incoterms identify risk and cost to the seller and buyer, but do not identify title transference.
- Incoterms® Rules do say which party to the sale contract has the obligation to make carriage or insurance arrangements, when the seller delivers the goods to the buyer, and which costs party is responsible.
- All reference to the cost of “Customs clearance” includes not only duty and /or other government levy but also the administrative cost associated with fulfilling that process.
- The exporter and/or importer may or may not be the seller or buyer. Exporter and importer status are specifically governed by the particular laws of the country of export and country of import.

Incoterms® Chart



Incoterms® 2010
by the International Chamber of Commerce (ICC)

		Sellers address	Port of departure				Port of delivery	Place of delivery	Port of delivery	Place of delivery		Port of delivery	Place of delivery		
Delivery terms DDP	EXW	FCA	FAS	FOB	CFR	CIF	CPT	CIP	DAT	DAP	DDP				
Transport mode			Water transport only												
Packing	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	
Checking marking and labelling	Seller	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	Seller	
Loading into the first carrier	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	
Lashing securing container	Buyer	1	1	1	1	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	
Transport to the port of departure	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	
FOB charges	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	
Freight charges	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	
Unloading on terminal destination	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Buyer	Seller	Seller	Buyer	Seller	
THC charges destination	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Buyer	Seller	Buyer	Buyer	Seller	
Customs clearance	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	
Freight charges to delivery point	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Buyer	Seller	Buyer	Buyer	Seller	
Insurance *)	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	
Taxes and duties	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	

1 – Incoterms® 2010 do not deal with the parties’ obligations for stowage within a container and therefore, where relevant, the parties should deal with this in the sales contract.
 2 – FCA Seller’s Facility – Buyer pays inland freight; other FCA qualifiers. Seller arranges and loads pre-carriage carrier and pays inland freight to the “F” delivery place
 3 – Incoterms® 2010 does not obligate the buyer nor must the seller to insure the goods, therefore this issue be addressed elsewhere in the sales contract.
 4 – Insurance both parties are responsible to protect their own interest.
 5 – Charges paid by Buyer or Seller depending on contract of carriage.
 6 – Charges paid by Seller if through Bill of Lading or door-to-door rate to Buyer’s destination



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Summary

Consult with Burns & McDonnell's Logistics to support Customer deliverables at all project phases for *Front End, Select, Schedule, Deliver, Cost, Compliance and Freight Improvement...*

Incoterm[®] 2010 Rules

<http://www.iccwbo.org/products-and-services/trade-facilitation/incoterms-2010/>



