

EXW

EX WORKS
(... named place)

"Ex works" means that the seller delivers when he places the goods at the disposal of the buyer at the seller's 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 represents 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.

However, if the parties wish the seller to be responsible for the loading of the goods on departure, and to bear the risks and all the costs of such loading, this should be made clear by adding explicit wording to this effect in the contract of sale.

This term should not be used when the buyer cannot carry out the export formalities directly or indirectly. In such circumstances, the FCA term should be used, provided the seller agrees that he will load at his cost and risk.

FCA

FREE CARRIER
(... named place)

"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 that place. If delivery occurs at the seller's premises, the seller is responsible for loading. If delivery occurs at any other place, the seller is not responsible for unloading.

This term may be used irrespective of the mode of transport, including multimodal transport. "Carrier" means any person who, in a contract of carriage, undertakes to perform or to procure the performance of transport by rail, road, air, sea, inland waterway or by a combination of such modes.

If the buyer nominates a person other than a carrier to receive the goods, the seller is deemed to have fulfilled his obligation to deliver the goods when they are delivered to that person.

This term may also be used in FCL trade. In example if you wish to not bear any risks or costs after delivery of the container to the CY, ICD or Port.

FAS

FREE ALONGSIDE SHIP
(... named port of shipment)

"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.

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

However, if the parties wish the buyer to clear the goods for export, this should be made clear by adding explicit wording to this effect in the contract of sale.

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

FOB

FREE ON BOARD
(... named port of shipment)

"Free on Board" means that the seller delivers when the goods are secured and stowed on 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 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.

CFR

COST AND FREIGHT
(... named port of destination)

"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 costs 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.

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

This term can be used only for sea and inland waterway transport. If the parties do not intend to deliver the goods across the ship's rail, the CPT term should be used.

CIF

COST, INSURANCE AND FREIGHT

(... named port of destination)

"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 costs 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.

Consequently, 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 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 CIF term requires the seller to clear the goods for export.

This term can be used only for sea and inland waterway transport. If the parties do not intend to deliver the goods across the ship's rail, the CIP term should be used.

CPT

CARRIAGE PAID TO

(... named place of destination)

"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.

"Carrier" means any person who, in a contract of carriage, undertakes to perform or to procure the performance of transport, by rail, road, air, sea, inland waterway or by a combination of such modes.

If subsequent carriers are used for the carriage to the agreed destination, the risk passes when the goods have been delivered to the first carrier.

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

This term may be used irrespective of the mode of transport including multimodal transport.

CIP

CARRIAGE AND INSURANCE PAID TO (... named place of destination)

"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 buyer's risk of loss of or damage to the goods during the carriage.

Consequently, 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.

"Carrier" means any person who, in a contract of carriage, undertakes to perform or to procure the performance of transport, by rail, road, air, sea, inland waterway or by a combination of such modes.

If subsequent carriers are used for the carriage to the agreed destination, the risk passes when the goods have been delivered to the first carrier.

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

This term may be used irrespective of the mode of transport including multimodal transport.

DAT

DELIVERED AT TERMINAL (... named place of destination)

"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 any place such as quay, warehouse, container yard or road, rail or air cargo terminal. The seller also bears all the risks involved in bringing to, and unloading, the goods at the specified port or destination.

Should the seller be required to bear the costs and risks in transporting the cargo from the terminal to another named place, then the DAP or DDP terms should be employed.

While the seller is required to clear the goods for export, there is obligation to clear the goods for import or pay any costs related to import custom formalities or duties.

Should the seller be required to clear the goods for import or carry out (or indeed pay) any import customs formalities, the DDP term should be used instead. This term may be used irrespective of the mode of transport and can also be used when more than one mode of transport is employed.

DAP

DELIVERED AT PLACE
(... named place of destination)

"Delivered at Place" replaces the previous term DDU. DAP means that the seller delivers the goods when they are placed at the disposal of the buyer on the arriving means of transport, not unloaded, at the specified place of destination. The seller must bear all the costs and risks in bringing the goods to the named place. While the seller is required to clear the goods for export, there is obligation to clear the goods for import or pay any costs related to import custom formalities or duties.

Should the parties require the seller to clear the goods for import or carry out (or indeed pay) any import customs formalities, the DDP term should be used instead.

This term may be used irrespective of the mode of transport and can also be used when more than one mode of transport is employed.

DDP

DELIVERED DUTY PAID
(... named place of destination)

"Delivered duty paid" means that the seller delivers the goods to the buyer, cleared for import on the arriving means of transport, ready but not unloaded from the means of transport at the named place of destination. The seller has to bear all the costs and risks involved in bringing the goods to the place of destination including, where applicable¹, any "duty" (which term includes the responsibility for export clearance 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.

Whilst the EXW term represents the minimum obligation for the seller, DDP represents the maximum obligation.

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

However, if the parties wish to exclude from the seller's obligations some of the costs payable upon import of the goods (such as value-added tax: VAT), this should be made clear by adding explicit wording to this effect in the contract of sale.

If the parties wish the buyer to bear all risks and costs of the import, the DAP term should be used.

This term may be used irrespective of the mode of transport but when delivery is to take place in the port of destination on board the vessel or on the quay (wharf), the DAT (Delivered at Terminal) term should be used.

