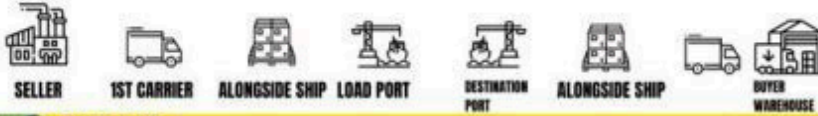


INCOTERMS CHEAT SHEET

Incoterms 2024



Incoterm	Seller's Obligation	Buyer's Obligation	Risk Transfer Point
EXW	EX WORKS	AGREED PLACE	
FCA	FREE CARRIER	AGREED PLACE	
FAS	FREE ALONGSIDE SHIP	PORT OF LOADING	
FOB	FREE ON BOARD	PORT OF LOADING	
CFR	COST AND FREIGHT	PORT OF DESTINATION	
CIF	COST, INSURANCE, AND FREIGHT	PORT OF DESTINATION	
CPT	CARRIAGE PAID TO	PLACE OF DESTINATION	
CIP	CARRIAGE AND INSURANCE PAID TO	PLACE OF DESTINATION	
DAP	DELIVERED AT PLACE	PLACE OF DESTINATION	
DPU	DELIVERED AT PLACE UNLOADED	DESTINATION	
DDP	DELIVERED DUTY PAID	DESTINATION	

LIST OF INCOTERMS

EXW (Ex Works)

Seller delivers when goods are placed at the disposal of the buyer, not cleared for export and not loaded on any collecting vehicle.

FCA (Free Carrier)

Seller delivers the goods, cleared for export, to the carrier nominated by the buyer at the named place.

FAS (Free Alongside Ship)

Seller delivers when the goods are placed alongside the vessel at the named port of shipment.

FOB (Free on Board)

Seller delivers the goods on board the vessel nominated by the buyer at the named port of shipment.

CFR (Cost and Freight)

Seller delivers the goods on board the vessel and pays the cost of freight to the named destination port.

CIF (Cost, Insurance, and Freight)

Similar to CFR, but the seller also pays for insurance to the named destination port.

CPT (Carriage Paid To)

Seller pays freight for the carriage of goods to the named destination.

CIP (Carriage and Insurance Paid to)

Similar to CPT, but the seller also pays for insurance.

DAP (Delivered at Place)

Seller delivers the goods, ready for unloading, at the named place of destination.

DPU (Delivered at Place Unloaded)

Seller delivers and unloads the goods at the named place of destination.

DDP (Delivered Duty Paid)

Seller delivers the goods, cleared for import, and pays all duties at the named place of destination.

TIPS AND BEST PRACTICES

Know Your Strengths	Assess your company's logistics capabilities. Choose Incoterms that match your strengths.
Evaluate Goods	Consider the type and value of goods. Select Incoterms that ensure safe and timely delivery.
Consider Transport Modes	Choose Incoterms compatible with your preferred transportation method.
Check Regulations	Understand import and export rules in both origin and destination countries. Ensure Incoterm compliance.
Assess Risk Tolerance	Determine your risk tolerance. Choose Incoterms that align with your risk management strategy.
Consult Experts	Seek advice from logistics or legal experts for informed Incoterm selection.
Educate Parties	Ensure all parties understand the chosen Incoterm and their responsibilities.
Review Regularly	Review and adjust your Incoterm choice based on changing circumstances or regulations.
Document Everything	Document the chosen Incoterm and all details in the sales contract for clarity and legal certainty.

CLASSIFICATION OF INCOTERMS

- E-Terms (Departure)
- F-Terms (Main Carriage Unpaid)
- C-Terms (Main Carriage Paid)
- D-Terms (Arrival)

SEA AND INLAND WATERWAY TERMS

- FAS - Free Alongside Ship (insert name of port of loading)
- FOB - Free on Board (insert named port of loading)
- CFR - Cost and Freight (insert named port of destination)
- CIF - Cost Insurance and Freight (insert named port of destination)

SAMPLE SCENARIOS AND SUGGESTED TERMS

Scenario	Recommended Incoterm	Reason
Shipping rare artifacts to a museum	DDP	Seller should manage all risks, including import duties, to ensure safe arrival.
Importing bulk raw materials for manufacturing	FOB	Buyer has better local knowledge and can get better shipping rates.
Sending designer clothes to a high-profile fashion show	DAP	Seller covers most costs but buyer manages import and final delivery to venue.
A tech startup exporting its first batch of products	EXW	Startup minimizes risks and costs by only being responsible for goods at their premises.
Distributing perishable goods like seafood	CIP	Seller provides shipping and insurance to ensure goods are handled properly en route.
A collector shipping a valuable painting to an overseas buyer	CIF	Seller ensures minimum insurance and freight but risk transfers once on board.
Supplying machine parts to a factory in a remote location	DPU	Seller ensures that goods are unloaded and available for the factory to pick up.
Trading companies with a long-term partnership	FCA	Both parties have clear roles, and risk is transferred at a mutually convenient point.
An online marketplace that facilitates international trade	FAS	Sellers clear the items for export, but buyers have control and responsibility after.
Importing energy drinks for a major sporting event	CPT	Seller takes care of initial freight; buyer manages the rest to ensure timely arrival.

KEY TAKEAWAYS

Commonly Used Incoterms

- EXW (Ex Works) and DDP (Delivered Duty Paid) are often used for their simplicity; the former minimizes the seller's obligations, while the latter does so for the buyer.
- FOB (Free on Board) and CIF (Cost, Insurance, and Freight) are traditionally popular in maritime transport due to their clear division of costs and risks.

Significant Changes from Incoterms 2010 to Incoterms 2020

- Introduction of DPU:** The term DAT (Delivered at Terminal) has been changed to DPU (Delivered at Place Unloaded) to clarify that delivery can occur at any place, not just a terminal.
- Leveling of Insurance Coverage in CIF and CIP:** While CIF retains the same insurance requirements, CIP has increased the level of insurance coverage, providing better protection to the buyer.
- Transportation Security:** Enhanced provisions regarding security requirements during transport, reflecting the growing emphasis on security in the transportation sector.
- Own Transport in FCA:** Under FCA (Free Carrier), there's a new provision allowing the buyer to instruct the carrier to issue a transport document to the seller without the onboard notation, provided they have their own means of transportation.