

2020



Incoterms

Cheat sheet



What Are Incoterms?

International Commercial Terms (or 'Incoterms' for short) are a set of standardised international arrangements for transporting goods. They serve as a contract between seller and buyer and describe all tasks, risks and costs associated with the transactions of goods. The International Chamber of Commerce (ICC) developed the Incoterms for the first time in 1936 to make agreements on international transport clear and to prevent misunderstandings.



The 2020 Incoterms are the most recent



Most used Incoterm for web shops



Incoterm for transport over water

EXW

Ex Works

Goods are picked up at an agreed location by the seller. The seller then takes on all responsibility.

DDP

Delivered Duty Paid

The seller bears the costs and risk of transport, carrier out export and import responsibilities, and pays import duties.

CPT

Carriage Paid To

Same as FCA. The seller also pays the delivery costs.

DPU

Delivered At Place Unloaded

Seller bears costs and risk until the agreed destination, and unloads the goods. The buyer arranges customs clearance.

FOB

Free On Board

The seller is responsible for costs, risks, delivery onto the ship and arranges export clearance. The buyer bears responsibility once the goods arrive.


CIF

Cost, Insurance and Freight

Same as CFR, but also pays the minimum insurance costs.

DAP

Delivered At Place

The seller bears costs and risks to an agreed address. When goods arrive, the risk passes to the buyer who arranges customer clearance. 

FCA

Free Carrier

The seller bears all risks and costs, delivering to the location and arranges clearance. The seller is responsible for export clearance.

CIP

Carriage Insurance Paid To

Same as CPT + the seller pays high insurance coverage.

FAS

Free Alongside Ship

The seller is responsible for costs, risks and delivery to the ship. The buyer arranges the export and import clearance.

CFR

Cost And Freight

Same as FOB + the seller must also pay for the transport of the goods to the port.

Incoterm Functions

The most important functions of the Incoterms are:



Cost allocation



Who is responsible for the shipment, insurance, import and customs costs.

Distribution of obligations



They indicate who is responsible for transport and where to.

Risk transfer



Who is responsible for the goods, including when the risk and costs pass from seller to buyer.

Other functions

- Goods documents** Which contract partner buys the required goods documents?
- Customs** Which contract partner is responsible for customs clearance?
- Transportation documents** Which contract partner purchases which transport documents?
- Shipping insurance** Which contract partner is responsible for shipping insurance?
- Information** Which contract partner informs the other at what time and about what?
- Goods inspection** Which contract partner carries out the goods inspection?
- Packing** Which contract partner determines the type and packaging method?

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