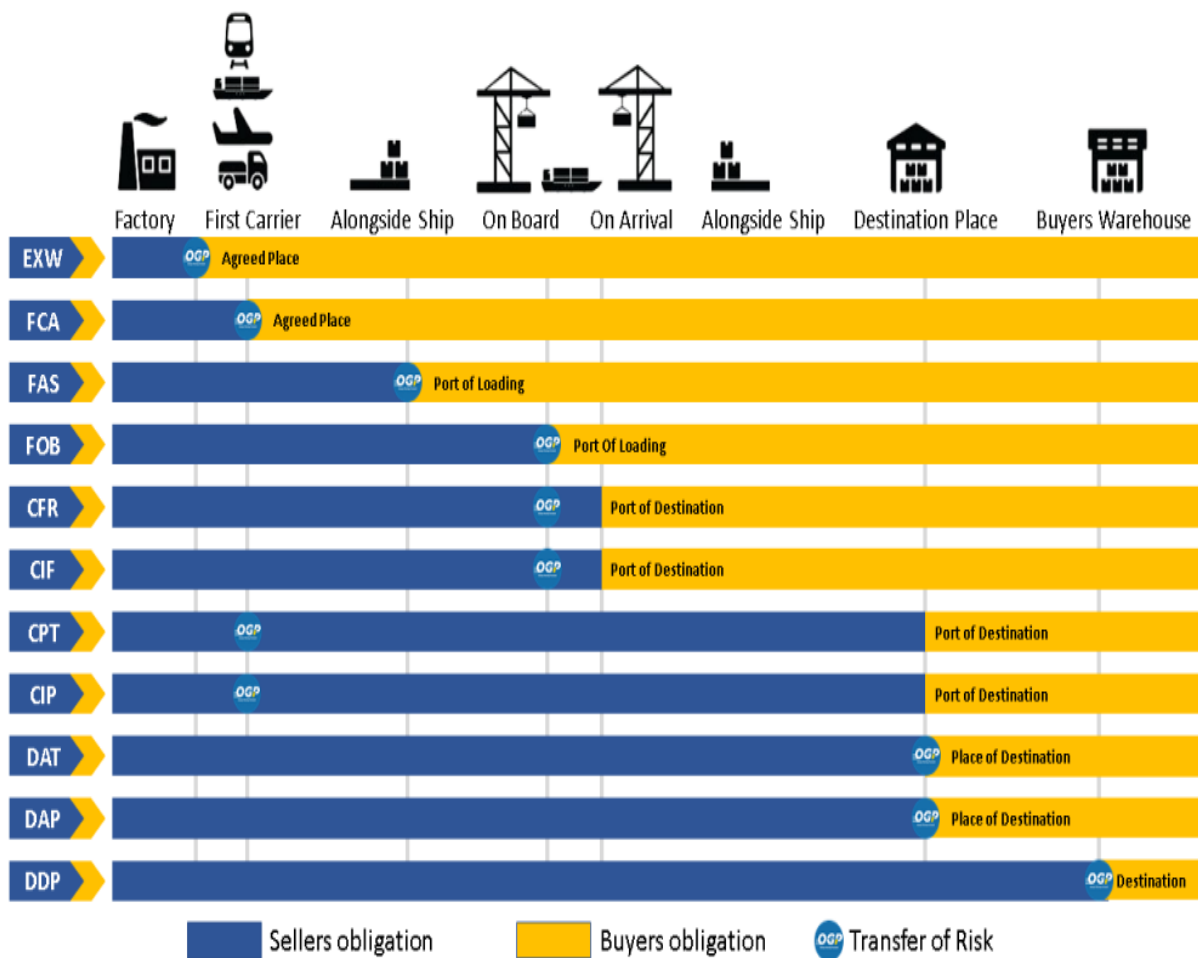


INCOTERMS

Introduction

The Incoterms or International Commercial Terms are a series of pre-defined commercial terms published by the International Chamber of Commerce (ICC) relating to international commercial law, they define the role between seller and buyer in an international transaction. Who has to do what and at what time? In the contract between the seller and the buyer, the following is determined:

- The duties of the buyer and the seller
- Who takes care of the insurance, license, permissions and all other formalities
- Who arranges the transport until which point and who is responsible for this
- The point where the costs and risks pass on from the seller to the buyer.



1) EXW – Ex-Works

This term represents the seller's minimum obligation since he only has to place the goods at the disposal of the buyer. The buyer must carry out all tasks of export & import clearance. Carriage & insurance is to be arranged by the buyer

2) FCA – Free Carrier

This term means that the seller delivers the goods, cleared for export, to the carrier nominated by the buyer at the named place. Seller pays for carriage to the named place.

3) FAS – Free Alongside Ship

This term means that the seller delivers when the goods are placed alongside the vessel at the named port of shipment. The seller is required to clear the goods for export. The buyer has to bear all costs & risks of loss or damage to the goods from that moment. This term can be used for ocean transport only. Parties do not intend to deliver the goods across the ship's rail; the FCA term should be used.

4) FOB – Free On Board

This term means that the seller delivers when the goods pass the ship's rail at the named port of shipment. This means the buyer has to bear all costs & risks to the goods from that point. The seller must clear the goods for export. This term can only be used for ocean transport. If the parties do not intend to deliver the goods across the ship's rail, the FCA term should be used.

5) CFR – Cost and Freight

This term means the seller delivers when the goods pass the ship's rail in the port of shipment. Seller must pay the costs & freight necessary to bring the goods to the named port of destination, but the risk of loss or damage as well as any additional costs due to events occurring after the time of delivery is transferred from seller to buyer. Seller must clear goods for export. This term can only be used for ocean transport.

6) CIF – Cost, Insurance, Freight

The seller delivers when the goods pass the ship's rail in the port of shipment. Seller must pay the cost & freight necessary to bring goods to named port of destination. Risk of loss & damage same as CFR. Seller also has to procure marine insurance against buyer's risk of loss/damage during the carriage. Seller must clear the goods for export. This term can only be used for ocean transport.

7) CPT – Carriage Paid To

This term 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. The buyer bears all costs occurring after the goods have been so delivered. The seller must clear the goods for export. This term may be used irrespective of the mode of transport (including multimodal).

8) CIP – Carriage and Insurance Paid

This term is the same as CPT with the exception that the seller also has to procure insurance against the buyer's risk of loss or damage to the goods during the carriage. This term may be used for any mode of transportation.

9) DAT- Delivered at Terminal

Delivered at Terminal (...named terminal at port or place of destination) New Term - May be used for all transport modes. 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.

10) DAP – Delivery at Place

All charges as well as delivery to the buyer facilities will be arranged by the seller. Customs clearance cost can be arranged by either the seller or the buyer depending on the agreement at the time of the freight booking. Import Duty and Taxes will be paid by the buyer at destination.

11) DDP- Delivered Duty Paid

In Incoterms DDP the seller fulfils his obligation to deliver when the goods have been available at the named place in the country of importation. The seller has to bear the risks and costs including duties, taxes and other charges of delivering the goods thereto, cleared for importation.