

INCOTERMS 2020 – SHIPMENT CONDITONS

Incoterms regulations first released by the International Chamber of Commerce in 1936 to coordinate the practice of cross-border cargo shipments. Moreover, some terms (such as FOB and CIF) are quite old and were used in England in the late XVIII century.

Incoterms® are adopted by States and businesses globally and are under the TM of the ICC. As such, they play an important role in international law (in particular, in the maritime law) and serve as the basis for determining the liability of commercial parties. To date Incoterms necessarily used in procurement, sales, and other international trade transactions.

Each condition has a three-letter designation, that conventionally describes, who of two pays each component of the charges (shipping, customs duties, insurance). Typically, for better comprehension, the terms are arranged in ascending order of seller expenditure (first condition FCA - the seller pays nothing, the last condition DPP - the seller undertakes for all the transportation together with import customs charges, in effect, bringing the goods to the buyer's door and relieving him from all organizational actions). Also, the terms necessarily appear in the treaties to deliver clear understanding what is included in the invoice amount subject to specified conditions.

At the same time, it is worth noting that Incoterms do not take precedence over local laws of States and the latter have the advantage in the event of disputes. Also, they do not define where exactly the property rights on cargo change from supplier to buyer, do not consider the sum of the agreement, any debt, currency, credit conditions, etc.

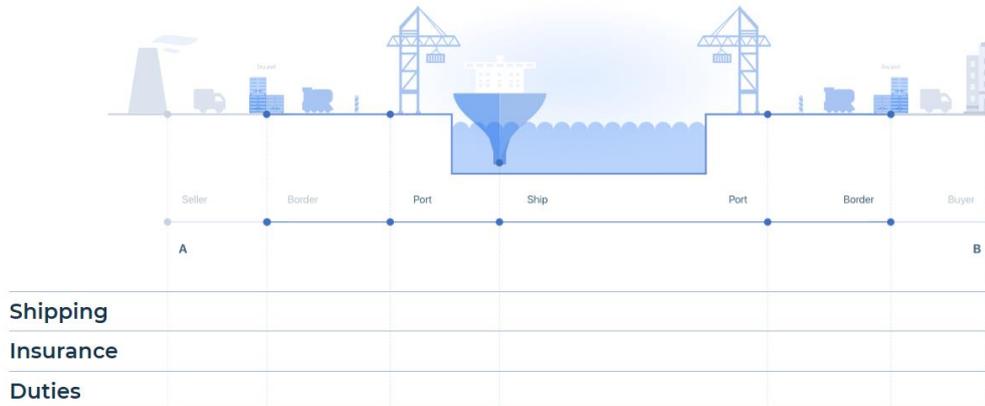
The first works with the use of Incoterms have been issued by the ICC in 1923, and the first publication entitled Incoterms was released in 1936. Subsequent changes have been made in and were shown accordingly in 1953, 1967, 1976, 1980, 1990, 2000, 2010 versions. The ninth, Incoterms 2020 was published on Sep 10, 2019, and came into force on Jan 1, 2020.

Below there are described main conditions in accordance with definitions – S – Seller, B – Buyer.

EXW – Ex Works (named place)

The meaning of it is that the recipient takes the goods from the premises of the supplier, it can be a store, warehouse, etc. The supplier does not bear any obligations, except for the shipment of goods. All costs are borne by the recipient. EXW is not intended for the transport of goods to the EU. EXW is not used if the recipient is not able to export independently. EXW is for domestic traffic. EXW condition is used to transport goods by any means of transport.

· EXW · FCA · CPT · CIP · FAS · FOB · CFR · CIF · DPU · DAP · DDP



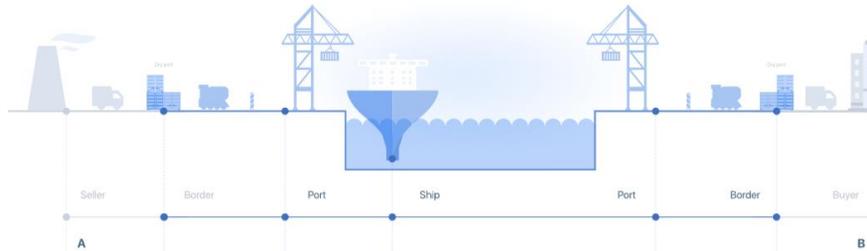
FCA- Free Carrier (named place of origin)

The most common term (almost 40% of international treaties are drawn up with this rule), because it is universal and easy to use. The best benefits are the use of any type of transport and any place of delivery of goods that is in the seller's country. There are 2 points of dispatch:

1. A point of dispatch of goods that belongs to the seller - this can be his warehouse, store, etc. Delivery is considered completed if the goods are loaded on the buyer's vehicle or transferred to the courier specified by the buyer.
2. A point that does not belong to the seller - it can be a seaport, airport, etc. Delivery is considered completed when the goods have been transferred to the carrier from the seller's vehicle. Unloading goods from the seller's vehicle is not the responsibility of the carrier.

If the buyer instructed to give the seller a package of documents (for example, a bill of lading marked "on board" or an air way-bill) then the carrier must provide all original consignment notes to the seller.

· EXW · FCA · CPT · CIP · FAS · FOB · CFR · CIF · DPU · DAP · DDP

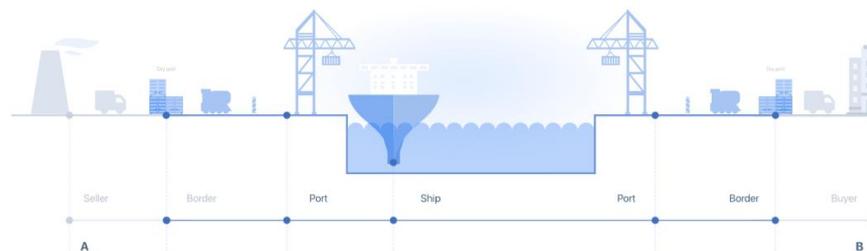


Shipping						
Insurance						
Duties						

FAS – Free Alongside Ship

The meaning of it is that the delivery is completed for the supplier when the product is on the quay for loading on vessel hired by the recipient. FAS is intended only for transporting goods by sea or inland waterway. The supplier pays the export duty, packaging of goods and transportation of cargo to the port, as well as the possible costs of arrival at the port, and provides the relevant documentation. Recipient loads the goods onto the ship, hires and pays the ship, bears all the costs of transporting the goods to the destination, insures the goods, pays import duty, relevant certificates, licenses, etc. FAS is designed to transport goods in bulk or in containers, and for transportation of heavy equipment.

· EXW · FCA · CPT · CIP · FAS · FOB · CFR · CIF · DPU · DAP · DDP



Shipping						
Insurance						
Duties						

Teldust A/S
 Storhaven 8
 DK-7100 Vejle
 Denmark

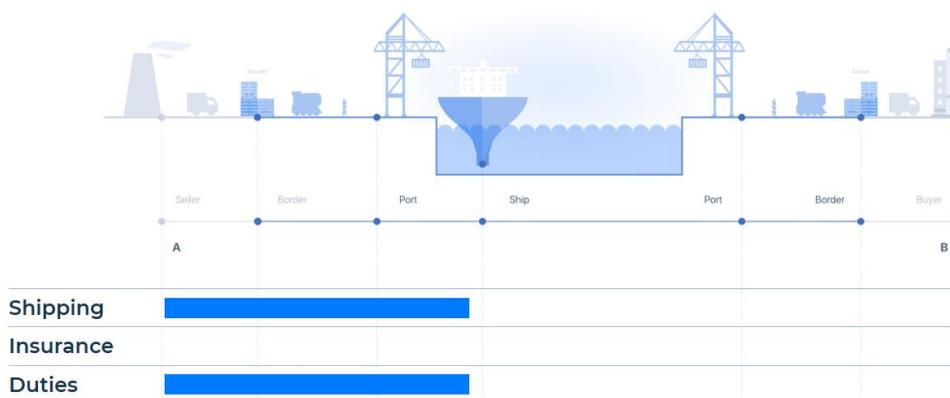
Phone: +45 75 72 56 55
 Fax: +45 75 72 56 99
 Company Registration no.: DK-10945283

teldust@teldust.com
 www.teldust.com

FOB- Free on Board (named port of loading)

The meaning of it is that the delivery is completed for the supplier when the product is on board the ship hired by the recipient. FOB is intended only for transporting goods by sea or inland waterway. The responsibilities of the supplier and the recipient are shared equally. The supplier pays export duty, packaging the goods and transportation of the cargo to the port, loads the goods on board and provides the relevant documentation. Recipient hires and pays the ship, insures the goods, pays import duty, relevant certificates, licenses, etc. FOB is designed to transport goods in bulk or in containers, and for transportation of heavy equipment

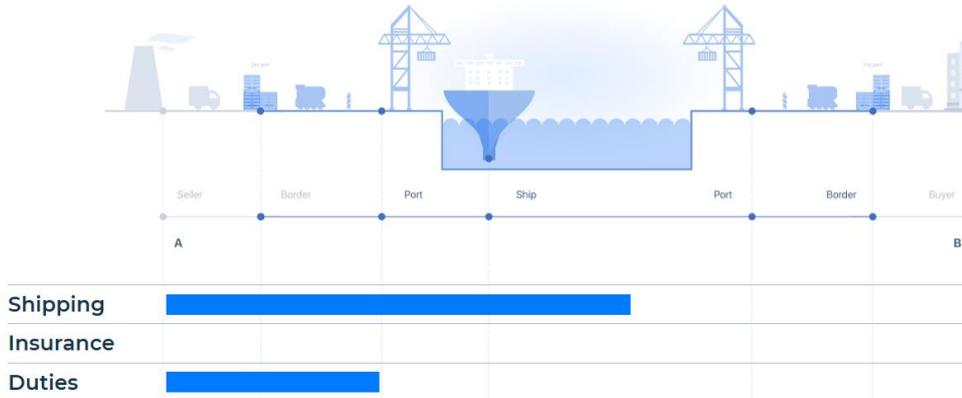
· EXW · FCA · CPT · CIP · FAS · **FOB** · CFR · CIF · DPU · DAP · DDP



CFR/C&F- Cost and Freight (named port of destination)

The meaning of it is that the delivery is completed for the supplier when the product is on board the ship hired by the supplier to a port of destination. The CFR is intended only for transporting goods by sea or inland waterway. The supplier pays export duty, packaging the goods and transportation of the cargo to the port, loads the goods on board, hires and pays the ship and provides the relevant documentation. Recipient unloads the vessel, delivers the goods to the destination, insures the goods, pays import duty, relevant certificates, licenses, etc. The CFR is designed to transport goods in bulk or in containers, and for transportation of heavy equipment.

· EXW · FCA · CPT · CIP · FAS · FOB · **CFR** · CIF · DPU · DAP · DDP



CIF- Cost, Insurance and Freight (named port of destination)

The meaning of it is that the delivery is completed for the supplier when the product came on board the vessel, products have been insured by the supplier, and the vessel was hired by him to transport the goods to the destination port, which is established in the agreement. CIF is intended only for transporting goods by sea or inland waterway. The supplier pays export duty, packaging the goods and transportation of the cargo to the port, loads the goods on board, hires and pays the ship, insures the goods, and provides the relevant documentation. Recipient unloads the vessel, pays import duty, relevant certificates, licenses, etc., delivers the goods to the point set in the agreement. CIF is designed to transport goods in bulk or in containers, and for transportation of heavy equipment.

· EXW · FCA · CPT · CIP · FAS · FOB · CFR · **CIF** · DPU · DAP · DDP



Teldust A/S
 Storhaven 8
 DK-7100 Vejle
 Denmark

Phone: +45 75 72 56 55
 Fax: +45 75 72 56 99
 Company Registration no.: DK-10945283

teldust@teldust.com
 www.teldust.com

CIP- Carriage and Insurance Paid To (named place of destination)

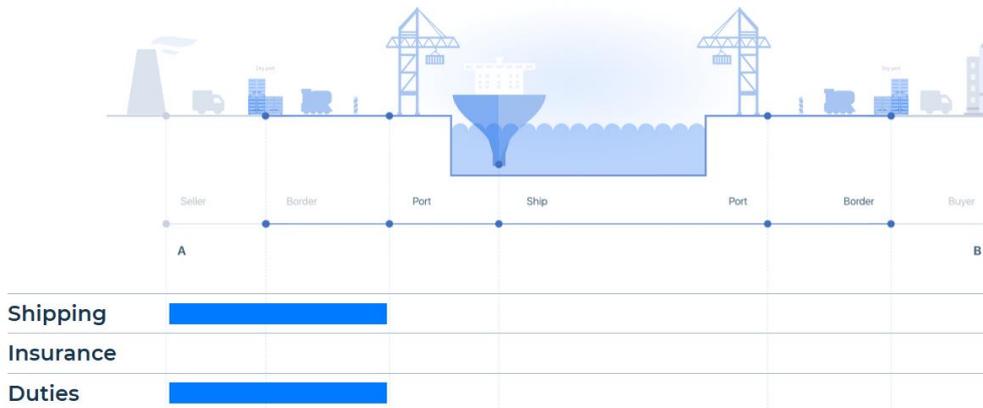
The meaning of it is that the delivery is completed for the supplier when customs procedures for export were completed, paid insurance policy and the goods were transferred to the forwarder for transportation to a specific destination provided for in the agreement. The sum insured must be 110% of the value of the agreement and in the currency of the international agreement. All risks associated with the transportation of goods pass from supplier to recipient after delivery of the goods to the forwarder. CIP is concluded, based on an international contract of sale, which indicates all the responsibilities and what expenses each party bears. As a rule, the supplier bears all responsibilities with the delivery, insurance policy and clearance of goods to a specific destination.



CPT- Carriage Paid To (named place of destination)

The meaning of it is that the delivery is completed for the supplier when customs procedures for export were completed and the goods were transferred to the forwarder for transportation to a specific destination specified in the contract. All risks associated with the transportation of goods pass from supplier to recipient after delivery of the goods to the forwarder. CPT is concluded on the basis of an international contract of sale, which indicates all the responsibilities and what expenses each party bears. As a rule, the supplier bears all responsibilities with the delivery and clearance of goods to a specific destination. Under CPT conditions, the recipient must insure the goods, unlike the CIP and CIF conditions.

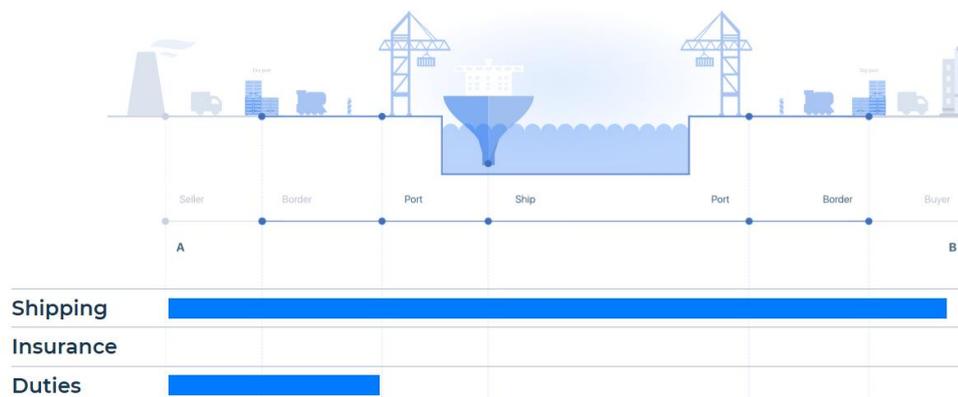
· EXW · FCA · **CPT** · CIP · FAS · FOB · CFR · CIF · DPU · DAP · DDP



DAP — Delivered at Place

The meaning of it is that the delivery is completed for the supplier when the goods are delivered to the recipient and ready for unloading at the indicated destination. The supplier must pay all export duties and costs for the delivery of the goods to the specified destination, its unloading. The supplier pays export duty, packaging the goods and transportation of the cargo to the port, loads the goods on board, hires and pays the ship, provides the relevant documentation, and also pays for unloading from the ship and delivery to the final destination. Recipient unloads a vehicle on spot, insures the goods at will, pays import duty, relevant certificates, licenses, etc. DAP is used to transport goods by any means of transport.

· EXW · FCA · CPT · CIP · FAS · FOB · CFR · CIF · DPU · **DAP** · DDP



Teldust A/S
 Storhaven 8
 DK-7100 Vejle
 Denmark

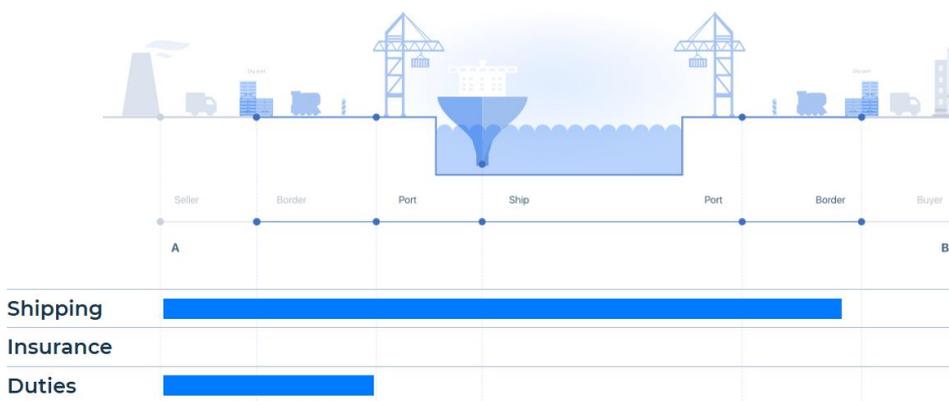
Phone: +45 75 72 56 55
 Fax: +45 75 72 56 99
 Company Registration no.: DK-10945283

teldust@teldust.com
 www.teldust.com

DPU — Delivered Named Place Unloaded

The meaning of it is that the delivery is completed for the supplier when the goods are placed at the disposal of the recipient at the indicated place. The supplier must bear all costs for export duties and delivery of goods to the specified destination, including its unloading. The supplier pays for export duty, packaging the goods and transportation of the cargo to the port, loads the products on board, hires and pays the ship, engages in unloading of a ship, and optionally delivers and unloads at the destination. Recipient insures the goods at will, pays import duty, relevant certificates, licenses, etc. DPU is used to transport goods by any means of transport.

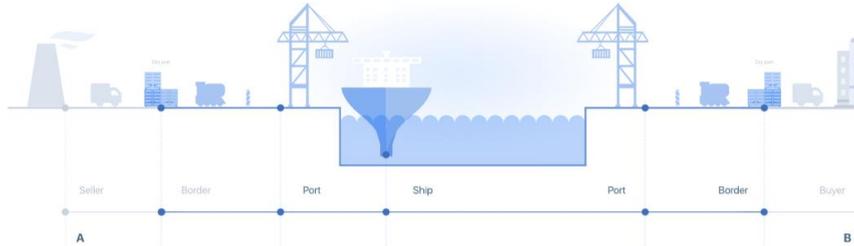
EXW · FCA · CPT · CIP · FAS · FOB · CFR · CIF · **DPU** · DAP · DDP



DDP — Delivered Duty Paid

The meaning of it is that the delivery is completed for the supplier when the goods are delivered to the recipient, import duty paid and cargo ready for unloading at the indicated destination. DDP clause implies maximum obligations for the shipper, as opposed to EXW clause, where all shipping responsibilities are placed on the recipient. The recipient assumes only the unloading of goods on the spot and insurance of the goods at will. All other costs are transferred to the supplier (export and import payments, costs of transportation of goods) DDP is used to transport goods by any means of transport.

· EXW · FCA · CPT · CIP · FAS · FOB · CFR · CIF · DPU · DAP · DDP



Shipping	[Blue bar]										
Insurance	[White bar]										
Duties	[Blue bar]										

Below you can find summary who covers the logistic charges in relation to FCA:

Incoterm/Cost	EXW	FCA	CPT	CIP	FAS	FOB	CFR	CIF	DPU	DAP	DDP
Packaging	S	S	S	S	S	S	S	S	S	S	S
Loading from warehouse	S	S	S	S	S	S	S	S	S	S	S
Export customs clearance	B	S	S	S	S	S	S	S	S	S	S
Pre-carriage	B	B	S	S	S	S	S	S	S	S	S
Origin port fees	B	B	B	B	S	S	S	S	S	S	S
Handling at departure (OTHC)	B	B	B	B	B	S	S	S	S	S	S
Main transportation	B	B	B	B	B	B	S	S	S	S	S
Transportation insurance	B	B	B	S	B	B	B	S	B	B	B
Handling arrival (DTHC)	B	B	B	B	B	B	B	B	S	S	S
Destination port fees	B	B	B	B	B	B	B	B	B	S	S
Post carriage	B	B	B	B	B	B	B	B	B	S	S
Import customs clearance	B	B	B	B	B	B	B	B	B	B	S
Unloading into warehouse	B	B	B	B	B	B	B	B	B	B	B

Teldust A/S
 Storhaven 8
 DK-7100 Vejle
 Denmark

Phone: +45 75 72 56 55
 Fax: +45 75 72 56 99
 Company Registration no.: DK-10945283

teldust@teldust.com
 www.teldust.com

<https://www.searates.com/reference/incoterms2020/>

Teldust A/S
Storhaven 8
DK-7100 Vejle
Denmark

Phone: +45 75 72 56 55
Fax: +45 75 72 56 99
Company Registration no.: DK-10945283

teldust@teldust.com
www.teldust.com