

# Incoterms® 2020

An overview of terms for buyers and sellers to agree upon contract transactions.



Carriage/Cost: Seller  Buyer

Transfer of Risk:

Incoterms® 2020	Code	Transport Mode	Export Formalities and Fees	Pre-Carriage Loaded	Delivered to Carrier's Physical Possession	Ready for Loading Alongside Ship	Loaded On Board Vessel	Main Carriage	On Board Ship or Vessel	Discharge at Port of Arrival	Named Place/ Not Unloaded	Delivery at Named Place/Unloaded	Import Formalities and Duties	Insurance
ExWorks	EXW													Purchase Recommended
Free Carrier	FCA													Purchase Recommended
Free Alongside Ship	FAS													Purchase Recommended
Free On Board	FOB													Purchase Recommended
Carriage Paid To	CPT													Purchase Recommended
Carriage and Insurance Paid To	CIP													All-Risk Insurance required by Seller
Cost and Freight	CFR													Purchase Recommended
Cost Insurance and Freight	CIF													Insurance required by Seller
Delivered at Place	DAP													Purchase Recommended
Delivered at Place Unloaded	DPU													Purchase Recommended
Delivered Duty Paid	DDP													Purchase Recommended

CIF requires at least an insurance with the minimum cover of the Institute Cargo Clause (C) (Number of listed risks, subject to itemized exclusions) More suited for commodities.  
 CIP now requires at least an insurance with the minimum cover of the Institute Cargo Clause (A) (All risk, subject to itemized exclusions) Suitable for manufactured goods.  
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 For a full and complete description, refer to the full version of Incoterms® 2020 by the International Chamber of Commerce at <https://iccwbo.org>.

**EXW** (Ex Works) Places the most responsibility with the buyer. The seller is expected to have the goods ready for collection at the agreed place of delivery (commonly the seller's factory or warehouse). The buyer is responsible for all subsequent costs and risk, including export procedures and transportation.

**FCA** (Free Carrier) The seller is responsible for export clearance and delivery of goods to the carrier at the named place of delivery. The buyer is responsible for loading the freight onto the vessel, as well as handling local carriage, discharge, import clearance and duties and on carriage to the final destination.

**FAS** (Free Alongside Ship) The seller clears goods for export and places them alongside the vessel at the named port of departure. The buyer is responsible for loading the freight onto the vessel, as well as handling local carriage, discharge, import clearance and duties and on carriage to the final destination.

**FOB** (Free on Board) The seller clears the goods for export and ensures they are delivered to and loaded onto the vessel for transport at the named port of departure. The buyer takes over risk and costs, including main carriage transport, import clearance and duties, and on carriage to the final destination.

**CPT** (Carriage Paid To) Require the seller to clear the goods and arrange carriage to the named place of destination. The seller does not need to obtain or pay for insurance. The seller's risk ends, and the buyer's risk begins, when the first carrier receives the goods from the seller. However, the buyer is only responsible for additional costs after the goods arrive at the named place of destination.

**CIP** (Carriage and Insurance Paid To) The seller assumes all risk until the goods are delivered to the first carrier at the place of shipment, not the place of destination. Once the goods are delivered to the first carrier, the buyer is responsible for all risks. However, the seller is responsible for the cost of carriage as well as all-risk insurance coverage until the freight reaches the named place of destination.

**CFR** (Cost and Freight) The seller is required to clear the goods for export, deliver them onboard the ship at the port of departure, and pay for transport of the goods to the named port of destination. The risk passes from seller to buyer when the seller delivers the goods onboard the ship. The buyer is responsible for paying all additional transport costs from the port of destination, including import clearance and duties and on carriage to the final destination.

**CIF** (Cost, Insurance and Freight) The seller delivers the goods, cleared for export, onboard the vessel at the port of shipment, pays for the transport of the goods to the port of destination, and also obtains and pays for minimum insurance coverage on the goods through their journey to the named port of destination. The buyer assumes all risk once the goods are on board the vessel for the main carriage; however, they don't take on any costs until the freight arrives at the named port of destination.

**DAP** (Delivered At Place) The seller is responsible for delivery of the goods, ready for unloading, at the named place of destination. Unloading is at the buyer's risk and cost. DAP requires the seller to clear goods for export, but no obligation to clear the goods for import or pay duty.

**DPU** (Delivered At Place Unloaded) –Formerly referred to as **DAT** for **Delivered at Terminal**– requires the seller to deliver the goods to the place of destination after they've been unloaded from the arriving means of transport. DPU is the only Incoterms rule that requires the seller to unload goods at the place of destination. DPU requires the seller to clear goods for export, but no obligation to clear the goods for import or pay duty.

**DDP** (Delivery Duty Paid) The seller assumes all responsibilities and costs for delivering the goods to the named place of destination. The seller must pay both export and import clearance fees, duties and taxes. DDP is the only Incoterms rule that places responsibility for import clearance and payment of taxes and/or import duty on the seller.

