

INCO Terms

Interpretation of the 2000 INCO Terms

(Defines Seller and Buyer Risk and Cost)

| Incoterms and Services | EXW Ex Works | FCA Free Carrier | FAS Free Alongside Ship | FOB Free on Board | CFR** Cost and Freight | CIF** Cost, Insurance & Freight | CPT** Carrier Paid to | CIP** Carrier & Insurance Paid | DAF Delivered at Frontier | DES Delivered ex Ship | DEQ Delivered ex Quay (duty paid) | DDU Delivered Duty Unpaid | DDP Delivered Duty Paid |
|---------------------------------------|-----------------|---------------------|----------------------------|---------------------------|----------------------------|------------------------------------|----------------------------|-----------------------------------|------------------------------|---------------------------|--------------------------------------|------------------------------|----------------------------|
| | named Place | named place | named port of destination | named port of destination | named place of destination | named place of destination | named place of destination | named port of destination | named place | named port of destination | named port of destination | named place of destination | named port of destination |
| warehouse storage at point of origin | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER |
| export packing | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER |
| loading at point of origin | BUYER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER |
| inland freight | BUYER | BUYER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER |
| port receiving charges | BUYER | BUYER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER |
| forwarding fees | BUYER | BUYER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER |
| loading on ocean carrier | BUYER | BUYER | BUYER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER |
| ocean freight | BUYER | BUYER | BUYER | BUYER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER | SELLER |
| charges in foreign port | BUYER | BUYER | BUYER | BUYER | BUYER | BUYER | SELLER | SELLER | SELLER | BUYER | SELLER | SELLER | SELLER |
| delivery charges to final destination | BUYER | BUYER | BUYER | BUYER | BUYER | BUYER | BUYER | BUYER | BUYER | BUYER | BUYER | SELLER | SELLER |
| customs duties and taxes abroad | BUYER | BUYER | BUYER | BUYER | BUYER | BUYER | BUYER | BUYER | BUYER | BUYER | SELLER | BUYER | SELLER |

**Risk of loss or damage is transferred from seller to buyer when the goods have been delivered to carrier or on board of Vessel

Notes:

- 1) Inco Terms must always be accompanied by a "named place" including city, province/state and country. The International Chamber of Commerce updates Inco Terms every ten years, most recently in 2000. Because the implications and interpretations differ between publications, the year of the revised publication should also be stated.
- 2) Inco Terms identify risk and cost of the seller and the buyer, but do not identify title transference.
- 3) All reference to the cost of "customs clearance" includes not only duty and/or other government levy but also the administrative cost associated with fulfilling that process.
- 4) The exporter and/or importer may or may not be the seller or buyer. Exporter and Importer are specifically governed by the particular laws of the country of export and country of import. Please contact your local Schenker office for specific requirements of each country.

2000 INCO Terms Defined

| | |
|-----|--|
| EXW | Means that the seller delivers when he places the goods at the disposal of the buyer at the seller's premises or another named place (i.e. works, factory, warehouse, etc) not cleared for export and not loaded on any collecting vehicle. This term thus represents the minimum obligation for the seller, and the buyer has to bear all costs and risks involved in taking the goods from the seller's premises |
| FCA | Means that the seller delivers the goods, cleared for export, to the carrier nominated by the buyer at the named place. It should be noted that the chosen place of delivery has an impact on the obligations of loading and unloading the goods at that place. If delivery occurs at the seller's premises, the seller is responsible for loading. If delivery occurs at any other place, the seller is not responsible for unloading. This term may be used irrespective of the mode of transport, including multi-modal transport. |
| FAS | Means that the seller delivers when the goods are placed alongside the vessel at the named port of shipment. This means that the buyer has to bear all costs and risks of loss of or damage to the goods from that moment. The FAS term requires the seller to clear the goods for export. |
| FOB | Means that the seller delivers when the goods pass the ship's rail at the named port of shipment. This means that the buyer has to bear all costs and risks of loss of or damage to the goods from that point. The FOB term requires the seller to clear the goods for export. This term can be used only for sea or inland waterway transport. If the parties do not intend to deliver the goods across the ship's rail, the FCA term should be used. |
| CFR | Means that the seller delivers when the goods pass the ship's rail in the port of shipment. The seller must pay the costs and freight necessary to bring the goods to the named port of destination BUT the risk of loss of or damage to the goods, as well as any additional costs due to events occurring after the time of delivery, are transferred from the seller to the buyer. The CFR term requires the seller to clear the goods for export. This term can be used only for sea and inland waterway transport. If the parties do not intend to deliver the goods across the ship's rail, the CPT term should be used. |
| CIF | Means that the seller delivers when the goods pass the ship's rail in the port of shipment. The seller must pay the costs and freight necessary to bring the goods to the named port of destination. The CIF term requires the seller to clear the goods for export. This term can be used only for sea and inland waterway transport. If the parties do not intend to deliver the goods across the ship's rail, the CIP term should be used. |
| CPT | 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. This means that the buyer bears all risks and any other costs occurring after the goods have been so delivered. If subsequent carriers are used for the carriage to the agreed destination, the risk passes when the goods have been delivered to the first carrier. The CPT term requires the seller to clear the goods for export. This term may be used irrespective of the mode of transport including multi-modal transport. |
| CIP | 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. This means that the buyer bears all risks and any additional costs occurring after the goods have been so delivered. However, in CIP the seller also has to procure insurance against the buyer's risk of loss of or damage to the goods during the carriage. Consequently, the seller contracts for insurance and pays the insurance premium. If subsequent carriers are used for the carriage to the agreed destination, the risk passes when the goods have been delivered to the first carrier. The CIP term requires the seller to clear the goods for export. This term may be used irrespective of the mode of transport including multi-modal transport. |
| DAF | Means that the seller delivers when the goods are placed at the disposal of the buyer on the arriving means of transport not unloaded, cleared for export, but not cleared for import at the named point and place at the frontier, but before the customs border of the adjoining country. The term <frontier> may be used for any frontier including that of the country of export. Therefore, it is of vital importance that the frontier in question be defined precisely by always naming the point and place in the term. This term may be used irrespective of the mode of transport when goods are to be delivered at a land frontier. When delivery is to take place in the port of destination, on board a vessel or on the quay (wharf), the DES or DEQ terms should be used. |
| DES | Means that the seller delivers when the goods are placed at the disposal of the buyer on board the ship not cleared for import at the named port of destination. The seller has to bear all the costs and risks involved in bringing the goods to the named port of destination before discharging. If the parties wish the seller to bear the costs and risks of discharging the goods, then the DEQ term should be used. This term can be used only when the goods are to be delivered by sea or inland waterway or multi-modal transport on a vessel in the port of destination. |
| DEQ | Means that the seller delivers when the goods are placed at the disposal of the buyer not cleared for import on the quay (wharf) at the named port of destination. The seller has to bear costs and risks involved in bringing the goods to the named port of destination and discharging the goods on the quay (wharf). The DEQ term requires the buyer to clear the goods for import and to pay for all formalities, duties, taxes and other charges upon import. This term can be used only when the goods are to be delivered by sea or inland waterway or multi-modal transport on discharging from a vessel onto the quay (wharf) in the port of destination. However if the parties wish to include in the seller's obligations the risks and costs of the handling of the goods from the quay to another place (warehouse, terminal, etc) in or outside the port, the DDU or DDP terms should be used. |
| DDU | Means that the seller delivers the goods to the buyer, not cleared for import, and not unloaded from any arriving means of transport at the named place of destination. The seller has to bear the costs and risks involved in bringing the goods thereto, other than, where applicable, any <duty> (which term includes the responsibility for and the risks of the carrying out of customs formalities, and the payment of formalities, customs duties, taxes and other charges) for import in the country of destination. This term may be used irrespective of the mode of transport but when delivery is to take place in the port of destination on board the vessel or on the quay (wharf), the DES or DEQ terms should be used. |
| DDP | Means that the seller delivers the goods to the buyer, cleared for import, and not unloaded from any arriving means of transport at the named place of destination. The seller has to bear all the costs and risks involved in bringing the goods thereto including, where applicable, any <duty> (which term includes the responsibility for and the risk of the carrying out of customs formalities and the payment of formalities, customs duties, taxes and other charges) for import in the country of destination. If the parties wish the buyer to bear all risks and costs of the import, the DDU term should be used. This term may be used irrespective of the mode of transport but when delivery is to take place in the port of destination on board the vessel or on the quay (wharf), the DES or DEQ terms should be used. |