



INCOTERMS

International Commercial Terms



INCOTERMS (International Commercial Terms)

INCOTERMS are uniform, internationally recognized foreign trade terms that refer to the type of agreement for the purchase and shipping of goods internationally. There are different INCOTERMS, each of which helps users deal with different situations involving the movement of goods. In the end, however, the terms wind up boiling down to a few basic specifics: There are various INCOTERMS, each of which helps users deal with different situations involving the movement of goods. In the end, however, the terms wind up boiling down to a few basic specifics:

1. **Costs:** who is responsible for the expenses involved in a shipment at a given point in the shipment's journey?
2. **Control:** who owns the goods at a given point in the journey?
3. **Liability:** who is responsible for paying damage to goods at a given point in a shipment's transit?
Commonly

COMMON INCOTERMS:

1. Delivery Duty Paid (DDP)

A shipping term where the shipper/exporter/seller is responsible for all shipping and clearance through customs for ultimate delivery to the consignee. This transaction makes the shipper/exporter/seller responsible for cost and risk of loss during the entire transaction.

2. Delivered Duty Unpaid (DDU)

The supplier is required to transfer the goods that have not been cleared for import to the customer at the designated site of the identified location in the importing country. He assumes all transport costs and the risk until the shipment reaches the identified location in the destination country.

3. Ex Works (Named point of origin) (EXW)

For example: ex factory, ex mill, ex warehouse. Under this term, the price quoted applies only at the point of origin and the seller agrees to place the goods at the disposal of the buyer at a specified place on the date or within the period fixed. All other charges are for the account of the buyer.

4. Cost, Insurance and Freight (Named port of destination) (CIF)

For example: "CIF Tokyo". A shipping term included in contract of sale, CIF indicates that the seller agrees to take full responsibility for delivering the goods to the port of loading, clear the goods for export, and arrange and pay for transportation and marine insurance over the goods to the named port of discharge, such costs being included in the price of the goods. Nonetheless, all risk of loss of or damage to the goods, as well as any additional costs due to events occurring after the time the goods have been delivered on board the vessel, is transferred from the seller to the buyer when the goods pass the ship's rail at the port of loading. It is up to the buyer to arrange transportation from the port of discharge.

5. Free on board (Named port of shipment) (FOB)

For example: "FOB Long Beach". Or "FOB [Airport]". A shipping term included in a contract of sale, FOB indicates that the seller fulfils his obligation to deliver when the goods have passed over the ship's rail at the named port of shipment, all costs of inland transportation and loading

being included in the price of the goods. The buyer has to bear all costs and risks of loss of or damage to the goods from that point.

6. Free carrier (Named port of export) (FCA)

Replaces the former term "FOB named inland port" to designate the seller's responsibility for the cost of loading goods at the named shipping point. Maybe used for multi-modal transport, container stations, and any mode of transport, including air.

7. Freight Carriage Paid (CPT) Named Point of Destination

The CPT term requires the seller to clear the goods for export. This term may be used for any mode of transport including multimodal transport (i.e. including containers, roll-on/roll-off traffic by trailers and ferries). CPT can be used for any mode of transport, including containerized shipments delivered to a seaport. "CPT Cape Town" means that the seller pays the freight for the carriage of the goods to the named destination, in this case Cape Town. The risk of loss or damage to the goods is transferred from the seller to the buyer when the goods have been delivered into the custody of the carrier and not at ship's rail. Risk passes from the seller to the buyer at so-called FCA point. 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. "Carrier" means any person who, in a contract of carriage, undertakes to perform or to procure the performance of carriage by rail, sea, road, air, inland waterway or by a combination of such modes.

Signon Group has an experienced team that will advise you the INCOTERMS detailed on your shipment documents for both Sea freight and airfreight.

For further enquiries and or quotes, please contact us on;
E: corporate@signon.com