




		Freight Collect Terms					Freight Prepaid Terms				
Groups	Any Mode or Modes of Transport	Sea and Inland Waterway Transport				Any Mode or Modes of Transport					
Incoterm®	EXW Ex Works (Place)	FCA Free Carrier (Place)	FAS Free Alongside Ship (Port)	FOB Free On Board (Port)	CFR Cost and Freight (Port)	CIF Cost Insurance & Freight (Port)	CPT Carriage Paid To (Place)	CIP Carriage & Insurance Paid to (Place)	DAP Delivered at Place (Place)	DPU Delivered at Place Unloaded (Place)	DDP Delivered Duty Paid (Place)

Understanding Incoterms® is a vital part of International Trade.

Put simply, Incoterms® are the selling terms that the buyer and seller of goods both agrees to. The Incoterm® clearly states which tasks, costs and risks are associated with the buyer and the seller. The Incoterm® is agreed between the buyer and seller and states when the seller's costs and risks are then transferred onto the buyer.

Incoterms® are also referred to as International Commercial Terms, which are published by the International Chamber of Commerce (ICC), which relate to International Commercial Law. They are accepted by governments and legal authorities around the world. The ICC published new Incoterms® 2020 that have come into effect from the 1st of January 2020. The ICC originally published Incoterms® in 1936 and have continually published updates to reflect the changes to the Global Trade environment. It's important that all parties involved in trade clearly understand the changes and how they apply to global supply chains.

The IncoDocs chart displays Incoterms® 2020 in an easy to understand format. Our chart states each Incoterm® and explains the obligations and charges that are accepted by the seller and the buyer. This is general information for guidance purposes only. For a full and complete description, refer to the full version of Incoterms® 2020 by the International Chamber of Commerce at the ICC website.

Incoterms[®] 2020 Rules Responsibility Quick Reference Guide



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Incoterm [®]	EXW	FCA	FAS	FOB	CFR	CIF	CPT	CIP	DAP	DPU	DDP
	Ex Works (Place)	Free Carrier (Place)	Free Alongside Ship (Port)	Free On Board (Port)	Cost and Freight (Port)	Cost Insurance & Freight (Port)	Carriage Paid To (Place)	Carriage & Insurance Paid to (Place)	Delivered at Place (Place)	Delivered at Place Unloaded (Place)	Delivered Duty Paid (Place)
Transfer of Risk	At Buyer's Disposal	On Buyer's Transport	Alongside Ship	On Board Vessel	On Board Vessel	On Board Vessel	At Carrier	At Carrier	At Named Place	At Named Place Unloaded	At Named Place
Obligations & Charges:											
Export Packaging	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading Charges	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Delivery to Port/Place	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Export Duty, Taxes & Customs Clearance	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Origin Terminal Charges	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Loading on Carriage	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Carriage Charges	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Insurance	Negotiable	Negotiable	Negotiable	Negotiable	Negotiable	*Seller	Negotiable	**Seller	Negotiable	Negotiable	Negotiable
Destination Terminal Charges	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller
Delivery to Destination	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller
Unloading at Destination	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Buyer
Import Duty, Taxes & Customs Clearance	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller

*CIF requires at least an insurance with the minimum cover of the Institute Cargo Clause (C) (Number of listed risks, subject to itemized exclusions)
 **CIP now requires at least an insurance with the minimum cover of the Institute Cargo Clause (A) (All risk, subject to itemized exclusions)
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 This is general information for guidance purposes only. IncoSolutions Pty Ltd is not responsible for these contents nor do the contents listed above contain all details. For a full and complete description, refer to the full version of Incoterms 2020 by the International Chamber of Commerce at the ICC website.

Rules for any mode or modes of transport:

EXW - Ex-Works or Ex-Warehouse

“Ex Works” means that the seller delivers when it places the goods at the disposal of the buyer at the seller’s premises or at another named place (i.e., works, factory, warehouse, etc.). The seller does not need to load the goods on any collecting vehicle, nor does it need to clear the goods for export, where such clearance is applicable.

FCA - Free Carrier

“Free Carrier” means that the seller delivers the goods to the carrier or another person nominated by the buyer at the seller’s premises or another named place. The parties are well advised to specify as clearly as possible the point within the named place of delivery, as the risk passes to the buyer at that point.

CPT - Carriage Paid To

“Carriage Paid To” means that the seller delivers the goods to the carrier or another person nominated by the seller at an agreed place (if any such place is agreed between parties) and that the seller must contract for and pay the costs of carriage necessary to bring the goods to the named place of destination.

CIP - Carriage And Insurance Paid To

“Carriage and Insurance Paid to” means that the seller delivers the goods to the carrier or another person nominated by the seller at an agreed place (if any such place is agreed between parties) and that the seller must contract for and pay the costs of carriage necessary to bring the goods to the named place of destination.

“The seller also contracts for insurance cover against the buyer’s risk of loss of or damage to the goods during the carriage. The buyer should note that under CIP the seller is required to obtain insurance only on minimum cover. Should the buyer wish to have more insurance protection, it will need either to agree as much expressly with the seller or to make its own extra insurance arrangements.”

DAP - Delivered At Place

“Delivered at Place” means that the seller delivers when the goods are placed at the disposal of the buyer on the arriving means of transport ready for unloading at the named place of destination. The seller bears all risks involved in bringing the goods to the named place.

DPU - Delivered At Place Unloaded

“Delivered At Place Unloaded” means that the seller delivers when the goods, once unloaded, are placed at the disposal of the buyer at a named place of destination. The seller bears all risks involved in bringing the goods to, and unloading them at the named place of destination.

DDP - Delivered Duty Paid

“Delivered Duty Paid” means that the seller delivers the goods when the goods are placed at the disposal of the buyer, cleared for import on the arriving means of transport ready for unloading at the named place of destination. The seller bears all the costs and risks involved in bringing the goods to the place of destination and has an obligation to clear the goods not only for export but also for import, to pay any duty for both export and import and to carry out all customs formalities.

Rules for sea and inland waterway transport:

FAS - Free Alongside Ship

“Free Alongside Ship” means that the seller delivers when the goods are placed alongside the vessel (e.g., on a quay or a barge) nominated by the buyer at the named port of shipment. The risk of loss of or damage to the goods passes when the goods are alongside the ship, and the buyer bears all costs from that moment onwards.

FOB - Free On Board

“Free On Board” means that the seller delivers the goods on board the vessel nominated by the buyer at the named port of shipment or procures the goods already so delivered. The risk of loss of or damage to the goods passes when the goods are on board the vessel, and the buyer bears all costs from that moment onwards.

CFR - Cost and Freight

“Cost and Freight” means that the seller delivers the goods on board the vessel or procures the goods already so delivered. The risk of loss of or damage to the goods passes when the goods are on board the vessel. The seller must contract for and pay the costs and freight necessary to bring the goods to the named port of destination.

CIF - Cost, Insurance and Freight

“Cost, Insurance and Freight” means that the seller delivers the goods on board the vessel or procures the goods already so delivered. The risk of loss of or damage to the goods passes when the goods are on board the vessel. The seller must contract for and pay the costs and freight necessary to bring the goods to the named port of destination.

“The seller also contracts for insurance cover against the buyer’s risk of loss of or damage to the goods during the carriage. The buyer should note that under CIF the seller is required to obtain insurance only on minimum cover. Should the buyer wish to have more insurance protection, it will need either to agree as much expressly with the seller or to make its own extra insurance arrangements.”

What does ‘Freight Collect’ and ‘Freight Prepaid’ mean?

Freight Collect and Freight Prepaid are common terms used in International Freight. It is very important to understand the difference, it is basically a statement of who will be paying for all the International freight charges. If you export your goods on ‘Freight Collect’ terms (EXW, FCA, FAS and FOB are all Freight Collect terms) that means that the importer (your buyer) will ‘collect’ and pay all of the freight charges on their side, you will not have to pay any freight at all.

If you are the exporter and sell the goods on CFR, CIF, CPT, CIP, DAP, DPU or DDP terms, this means that you will pay for the freight charges (‘Freight Prepaid’ – you will pre-pay the freight charges). These are linked to the selling terms of your invoice, if you are selling your goods on ‘FOB’ terms (Free on Board) then you are only covering the costs to get the goods loaded on board the vessel. All charges thereafter will be charged to the receiver of the goods (consignee) – so it will be Freight Collect. These freight terms are stated on the Bill of Lading, the document issued by the shipping line or freight forwarder.

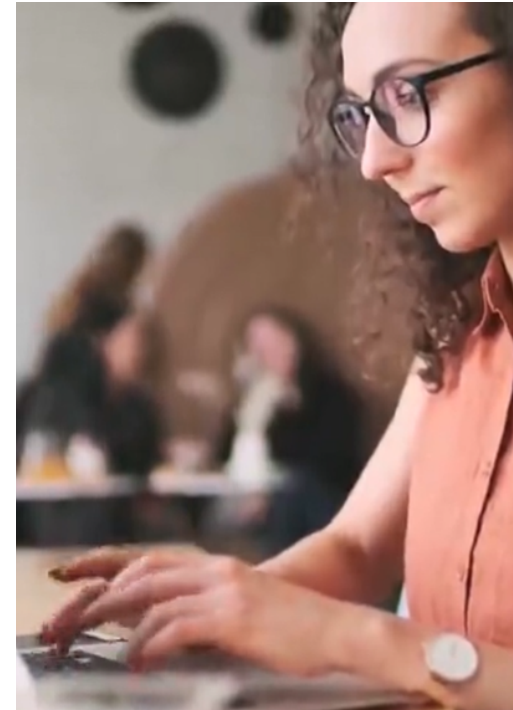
Resources

International Chamber of Commerce (ICC) Incoterms® 2020

All-In-One Export Documentation Software

Centralize, digitize & automate export admin & documentation

Go paperless, eliminate errors, and save hours of manual work each shipment with your sales, shipments, and export documentation - all in one place.



The screenshot displays the Inco Docs software interface for creating a Packing List. The interface includes a sidebar with document types, a main form area, and a data table at the bottom. Callouts highlight key features:

- Eliminate re-entry with the Master File & ability to Autofill from connected apps:** Points to the 'Autofill from...' dropdown in the top left.
- Use stored contacts, products & snippets to save time:** Points to a contact selection dropdown menu.
- Customize templates at will:** Points to the 'Add column' button in the table header.

Streamline export documentation

Product Code	Description of Goods	Supplier	Unit Qty	Kind & No of Packages	Net Weight (Kg)	Gross Weight (Kg)	Measurements (m ³)
WP-VNL-SKG	Whey Protein (Vanilla) - Skg		2,000	Pallet x 200	5	5.04	0.000374