

INCOTERMS

The most commonly used terms of trade have been codified by the International Chamber of Commerce (ICC) and these frequently form the basis of the initial sale contract.

The Incoterms rules were first published in 1936 and have been reviewed over the years. The tenth version was reviewed as Incoterms 2012 and published on January 1, 2013.

There are 11 different terms of trade, falling into 4 groups and they address 10 steps that must be undertaken by either buyer or seller in order to execute a successful transaction.

The sales contract negotiations between the buyer and seller flows directly into the contract of carriage.

The ship manager is, therefore, well advised to become familiar with the **11 INCOTERMS** summarized below:

INCOTERMS 2012

Group E: Departure

EXW Ex Works (Named Place)

Group F: Main carriage unpaid.

The F signifies that the seller must hand over the goods to the nominated carrier free of risk and expense to the buyer.

FCA Free Carrier (Named Place)

FAS Free Alongside Ship (Named Port of Shipment)

FOB Free On Board (Named Port of Shipment)

Group C: Main Carrier Paid

The C signifies that the seller must bear certain cost even after the critical point for the division of the risk for loss or damage has been reached.

CFR	Cost & Freight (C&F) (Named Port of Destination)
CIF	Cost, Insurance and Freight (Named Port of Destination)
CPT	Carrier Paid To (Named Port of Destination)

Group D: Arrival

D signifies that it is the seller's responsibility that the goods arrive at the stated destination.

DDP	Delivery Duty Paid (Named Port of Destination)
DAT	Delivery at Terminal (named Port of Destination)
DAP	Delivered at Place

