

## **INCO TERMS (TRANSPORTATION)**

Shipping terms set the parameters for international shipments, specify points of origin and destination, outline conditions under which title is transferred from seller to buyer, and determine which party is responsible for shipping costs. They also indicate which party assumes the cost if merchandise is lost or damaged during transit. To provide a common terminology for international shipping, the following INCO terms have been developed under the auspices of the International Chamber of Commerce.

**All Risk:** This is the most comprehensive type of transportation insurance, providing protection against all physical loss or damage from external causes.

**Cost and Freight (C&F):** The exporter pays the costs and freight necessary to get the goods to the named destination. The risk of loss or damage is assumed by the buyer once the goods are loaded at the port of embarkation.

**Cost, Insurance and Freight (C.I.F.):** The exporter pays the cost of goods, cargo and insurance plus all transportation charges to the named port of destination.

**Delivered at Frontier:** The exporter/seller's obligations are met when the goods arrive at the frontier, but before they reach the "Customs border" of the importing country named in the sales contract. The expression is commonly used when goods are carried by road or rail.

**Delivered Duty Paid:** This expression puts maximum responsibility on the seller/exporter in terms of delivering the goods, assuming the risk of damage/loss and paying duty. It is at the

other extreme from delivered ex works listed below, under which the seller assumes the least responsibility.

**Delivered Ex Quay:** The exporter/seller makes the goods available to the buyer on the quay or wharf at the destination named in the sales contract. There are two types of ex quay contracts in use: ex quay duty paid, whereby the seller incurs the liability to clear the goods for import, and ex quay duties on buyer's account, whereby the buyer assumes the responsibility.

**Delivered Ex Ship:** The exporter/seller must make the goods available to the buyer on board the ship at the location stipulated in the contract. All responsibility/cost for bringing the goods up to this point falls on the seller.

**Delivered Ex Works:** This minimal obligation requires the seller only to make the goods available to the buyer at the seller's premises or factory. The seller is not responsible for loading the goods on the vehicle provided by the buyer, unless otherwise agreed. The buyer bears all responsibility for transporting the goods from the seller's place of business to their destination.

**Free Alongside Ship (FAS):** The goods must be placed on the dock by the seller, alongside the vessel. The seller's obligations are fulfilled at this point.

**Free Carrier...(named port):** Recognizing the requirements of modern transport, including multimodal transport, this principle is similar to FOB, except that the exporter's obligations are met when the goods are delivered into the custody of the carrier at the named port. The risk of loss/damage is transferred to the buyer at this time, and not at the ship's rail. The carrier can be any person contracted to transport the goods by road, sea, air, rail or a combination thereof.