INCOTERMS 2000
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There is a difference between “Payment Terms” and “Sales Terms”:

**Payment Terms:**

Conditions and form/way of payment, under which the Exporter (seller) and the Importer (buyer) agree to pay for the goods and/or services, i.e. Prepaid, Credit Card, Letter of Credit, Wire Transfer, Sight Draft, Net 45, etc.

**Sales Terms:**

Use Incoterm 2000

**Incoterms** is a set of *International Rules for the Interpretation of Trade Terms* set forth by the International Chamber of Commerce which is an abbreviation of *International Commercial Terms* and the chosen Incoterm is a term of the contract of sale (Sales Terms).

Incoterms are not terms of the contract of carriage or delivery.

In international trade transactions one of the aspects to be defined is the place of delivery of the goods. This place, previously agreed between the Importer (usually the buyer) and the Exporter (usually the seller), must be stated in the international sales contract. **Incoterms 2000** facilitates this by clearly defining the place of delivery and responsibilities during the process, i.e. who is responsible for the transport to the place of delivery, who assumes the risks and the point at which risks pass from the Exporter (seller) to the Importer (buyer), who customs clears the goods for import/export and many more important obligations.
Incoterms also establish a body of international rules for the interpretation of the most commonly used international trade terms.

Lately, Incoterms 2000 has also introduced the incorporation and use of the Incoterms into domestic sales contracts.

Defining the Obligations during transportation

**INCOTERMS 2000** has 4 basic groups and these are the most commonly used

- **Group E - Departure:**
  - **EXW. Ex-Works (named place):** the Exporter (seller) makes the goods available at his premises and the Importer (buyer) is in complete control of all transportation arrangements. This term should only be use for proforma invoice quotations, noting that the real Incoterm will be added/adjusted at the time of their release order.

- **Group F - Main Carriage Unpaid:**
  - **FCA. Free Carrier (named place):** the Exporter (seller) hands over the goods, cleared for export, into the custody of the first carrier (named by the importer/buyer) at the named place.

- **Group C - Main Carriage Paid:**
  - **CFR. Cost and Freight (named destination port):** Exporter (seller) must pay the costs and freight to bring the goods to the port of destination. However, risk is transferred to the Importer (buyer) once the goods have crossed the ship's rail. Maritime transport only.
  - **CIF. Cost, Insurance and Freight (named destination port):** exactly the same as CFR except that the Exporter (seller) must in addition procure and pay for insurance for the Importer (buyer).
  - **CPT. Carriage Paid To (named destination port):** the general/containerised/multimodal equivalent of CFR. The Exporter (seller) pays for carriage to the named point of destination, but risk passes when the goods are handed over to the first carrier.
Logistics Department

- **CIP. Carriage and Insurance Paid** *(named destination port)*: the containerised transport/multimodal equivalent of CIF. Exporter (seller) pays for carriage and insurance to the named destination point, but risk passes when the goods are handed over to the first carrier.

- **Group D - Arrival:**
  - **DDU. Delivered Duty Unpaid** *(named destination place)*: The Exporter (seller) pays for all transportation costs and bears all risk until the goods have been delivered, but does not pay for the duty and/or taxes.
  - **DDP. Delivered Duty Paid** *(named destination place)*: The Exporter (seller) pays for all transportation costs and bears all risks until the goods have been delivered. Duties & taxes must be included.

More information, please go to: [www.iccwbo.org/incoterms/id3040/index.html](http://www.iccwbo.org/incoterms/id3040/index.html)