ICC RULES · 2020 EDITION

Incoterms 2020, at the point where cost meets risk

Eleven trade terms, one question each answers differently: at what point does the shipment stop being the seller's problem and become the buyer's? Use this as a working reference when you're quoting, negotiating, or reading a contract of sale.

■ Seller pays / arranges ■ Buyer pays / arranges ■ Open to negotiation between the parties

Payment structure	Freight collect — buyer arranges and pays main carriage						Freight prepaid — seller arranges and pays main carriage				
Transport mode	Any mode of transport		Sea & inland waterway only				Any mode of transport				
Incoterm	**EXW** Ex Works (named place)	**FCA** Free Carrier (named place)	**FAS** Free Alongside Ship (named port)	**FOB** Free On Board (named port)	**CFR** Cost and Freight (named port)	**CIF** Cost, Insurance & Freight (named port)	**CPT** Carriage Paid To (named place)	**CIP** Carriage & Insurance Paid To (named place)	**DAP** Delivered At Place (named place)	**DPU** Delivered At Place Unloaded (named place)	**DDP** Delivered Duty Paid (named place)
Risk transfers to buyer	At buyer's disposal, seller's premises	Once handed to buyer's carrier	Alongside the vessel	Once loaded on board	Once loaded on board	Once loaded on board	Once handed to first carrier	Once handed to first carrier	On arrival, ready to unload	After unloading at destination	On arrival, ready to unload
Origin-side obligations											
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
Main carriage											
Carriage charges	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller	Seller	Seller	Seller	Seller
Insurance	Negotiable	Negotiable	Negotiable	Negotiable	Negotiable	Seller[1]	Negotiable	Seller[2]	Negotiable	Negotiable	Negotiable
Destination-side obligations											
Destination terminal charges	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller	Seller	Seller
Delivery to final 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	Seller
Import duty, taxes & customs clearance	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Buyer	Seller

1 – Under CIF, the seller's insurance only has to meet Institute Cargo Clause (C) — minimum cover, a limited list of insured risks, subject to itemised exclusions.

2 – Under CIP, the seller's insurance must meet Institute Cargo Clause (A) — all-risk cover, subject to itemised exclusions. This is a higher standard than CIF's.

Choosing between EXW and FCA

EXW puts almost everything on the buyer, including export clearance — which many buyers can't legally handle from abroad. FCA is usually the more workable "seller does the minimum" term for cross-border trade.

FOB, CFR & CIF are sea-only

These three (plus FAS) only work for sea and inland waterway shipments, because risk transfers at the ship's rail or once cargo is alongside it. For containerised or multimodal cargo, use FCA, CPT or CIP instead.

DDP is maximum seller obligation

The seller carries cost and risk the whole way, including destination import duty and clearance. It's convenient for the buyer but leaves the seller exposed to foreign customs rules they don't control.

Reference chart based on the Incoterms® 2020 rules published by the International Chamber of Commerce · For contractual use, always cite the full ICC Incoterms® 2020 text.