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Incoterms 2020

Incoterms 2020 are organised into two distinct categories:

Incoterms for any Mode or Modes of Transport:

- EXW - Ex Works
- FCA - Free Carrier
- CPT - Carriage Paid to ...
- CIP - Carriage and Insurance Paid to ...
- DAP - Delivered at Place
- DPU - Delivered at Place Unloaded (formerly DAT)
- DDP - Delivered Duty Paid

Incoterms for Sea and Inland Waterway Transport Only:

- FAS - Free Alongside Ship
- FOB - Free on Board
- CFR - Cost and Freight
- CIF - Cost, Insurance and Freight

Ex Works (EXW) - Domestic



Costs – Buyer pays costs and contracts for carriage

Risks – Buyer takes on risk once delivered to agreed point and available for loading onto a vehicle

Seller



Delivery – at Sellers premises, no loading or clearance for export

Buyer

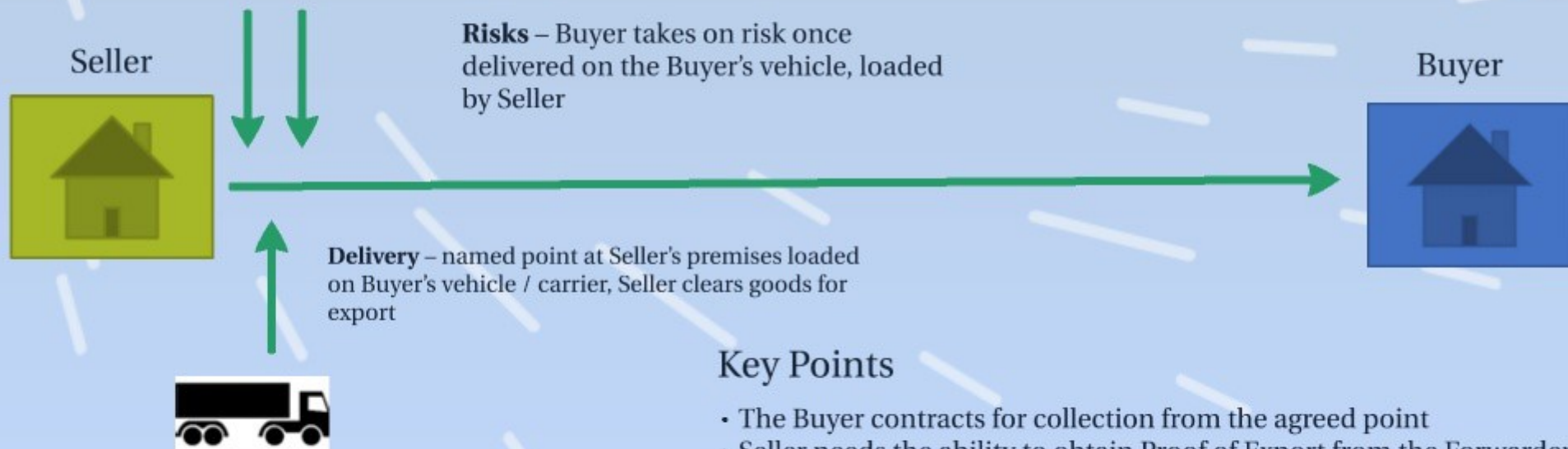


Key Points

- Minimum risk and responsibility to the Seller
- Seller should not load, at Buyers risk
- Seller needs the ability to obtain Proof of Export from the Forwarder
- Buyer has the risk and responsibility of loading and shipping the goods
- Buyer is the Exporter of Record

Free Carrier (FCA) – loaded at Seller's premises

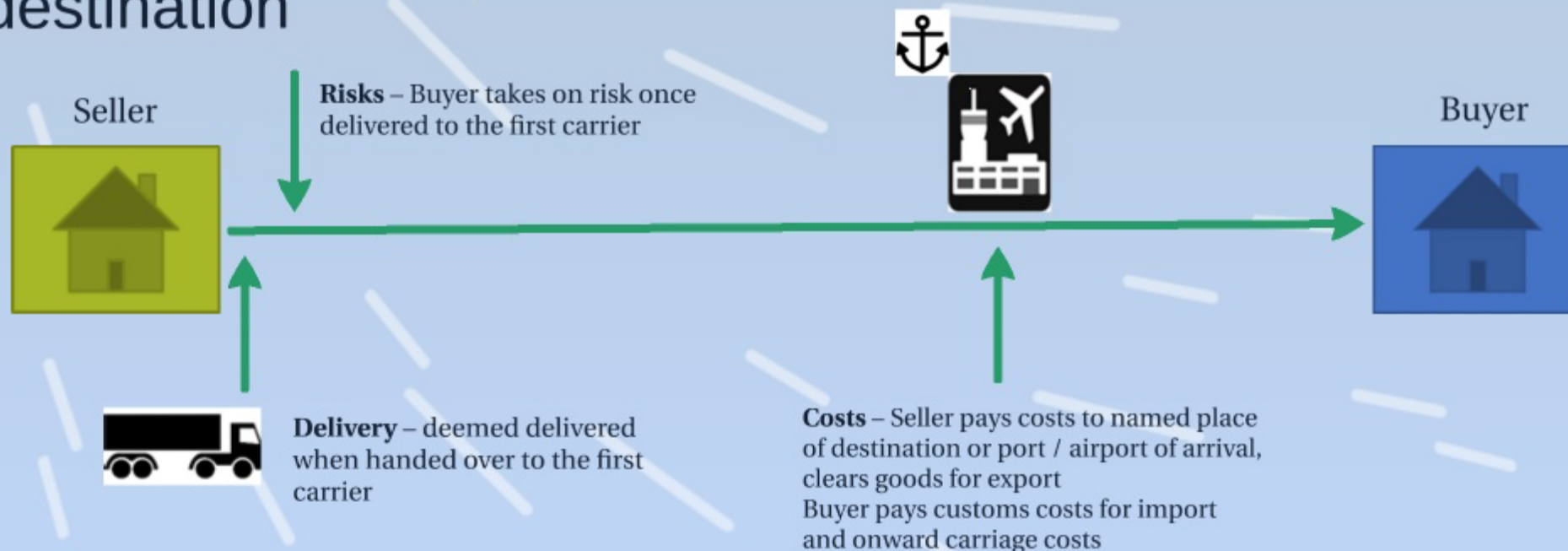
Costs – Seller pays costs for customs formalities
Buyer pays costs for shipping and import, duties, taxes etc.



Key Points

- The Buyer contracts for collection from the agreed point
- Seller needs the ability to obtain Proof of Export from the Forwarder
- Buyer has the risk and responsibility shipping the goods
- Seller has the risk of loading the goods at Seller's premises
- Seller responsible for the export licence, if appropriate

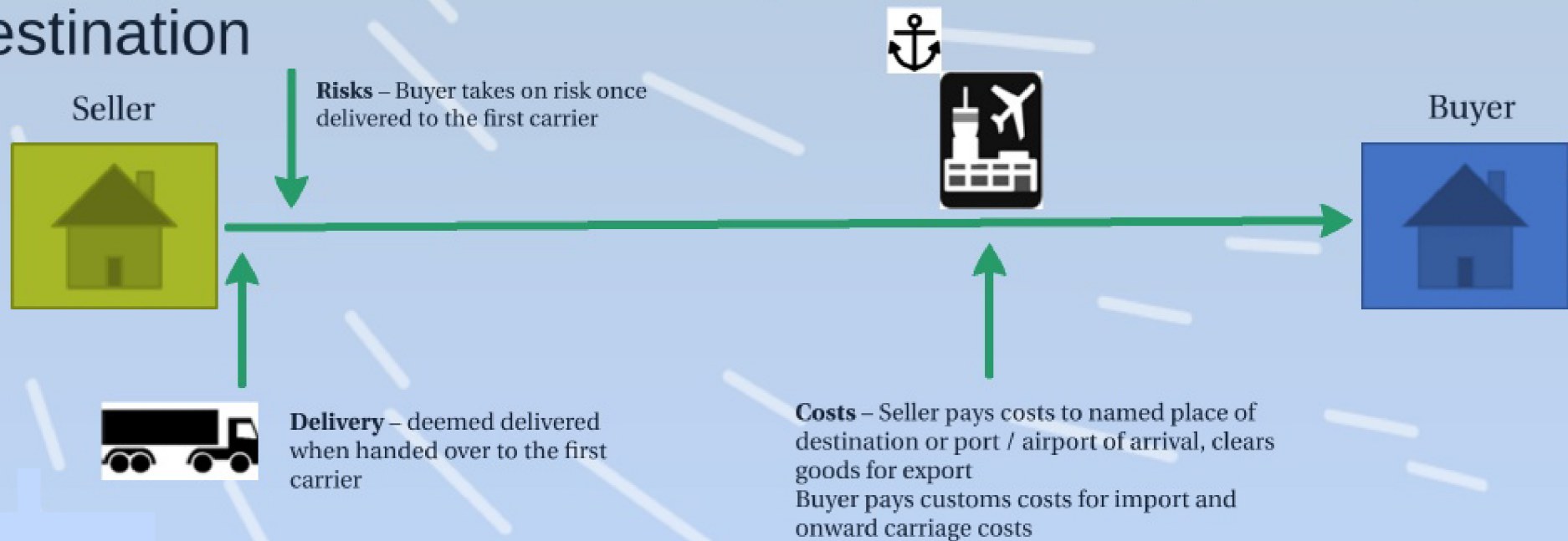
Carriage Paid To (CPT) – named port / airport or destination



Key Points

- The Buyer contracts for collection from the agreed point
- Seller needs the ability to obtain Proof of Export from the Forwarder
- Buyer has the risk and responsibility shipping the goods
- Seller has the risk of loading the goods at Seller's premises
- Seller responsible for the export licence, if appropriate

Carriage & Insurance Paid (CIP) – named port / airport or destination



Key Points

- Risk and cost pass at 2 different points, this should be identified in the contract
- Seller has control of paperwork, can gain copy export entry and proof of export
- Seller has minimal risks paying only costs to the named place of arrival
- Buyer takes on the risk early in the delivery process
- Seller provides contract insurance cover under the extensive Institute Cargo Clause A rather than the more limited Clause C

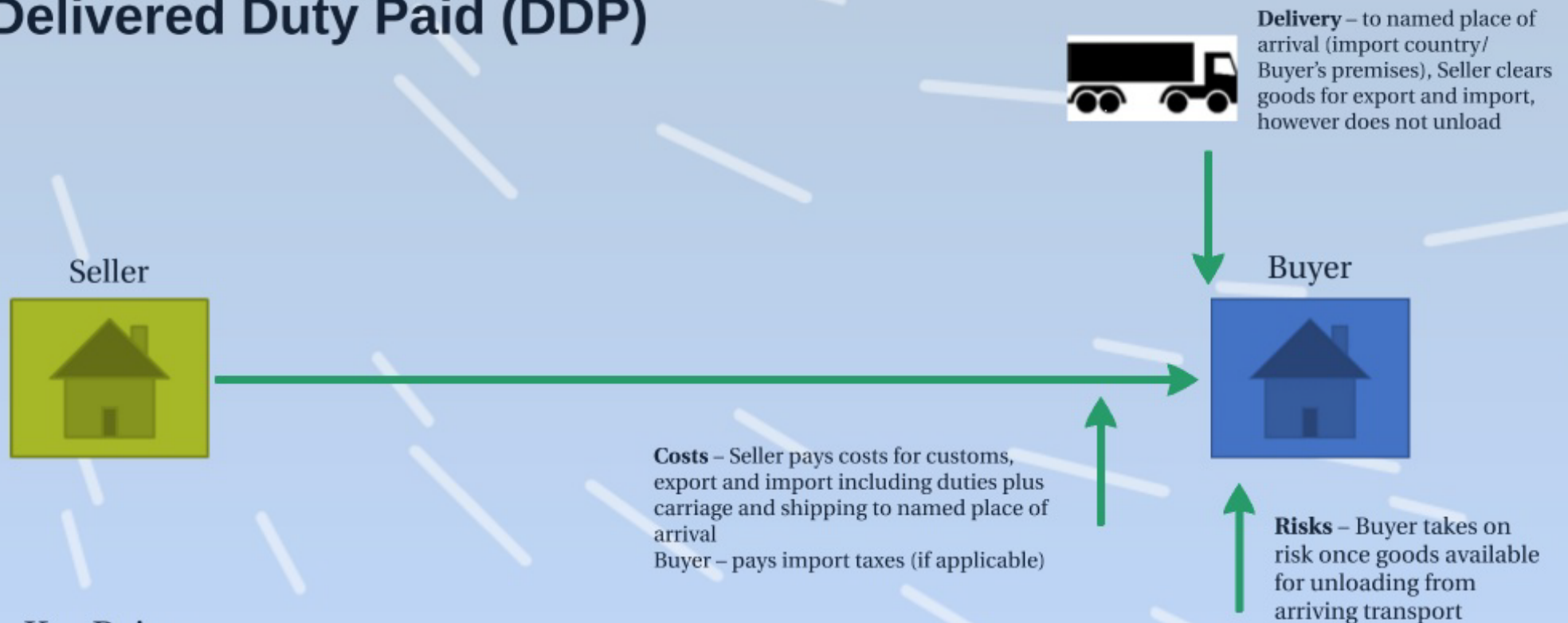
Delivered at Place Unloaded (DPU) - named place of arrival



Key Points

- Seller has control of paperwork, can gain copy export entry and proof of export
- The Seller bears all risks and responsibility of loading and shipping the goods to a named place of arrival
- Buyer has responsibility for duties and local taxes, any delay for off loading can impact the Seller i.e. additional charges that can be recharged to the Buyer
- Buyer has responsibility for unloading, import costs and any further onward carriage
- Consider Insurance

Delivered Duty Paid (DDP)



Key Points

- Seller has control of paperwork, can gain copy export entry and proof of export
- The Seller bears all risks and responsibility of loading and shipping the goods to a named place of arrival
- Seller pays all costs including carriage, customs and duties
- Buyer has no risk other than to unload at destination and pay any applicable import taxes
- Consider Insurance

Free Alongside Ship (FAS)

Risks – Buyer takes on risk once delivered to agreed point and available for loading onto a vessel

Seller



Buyer



Delivery – Delivery – when goods are placed alongside the vessel (quay or barge), seller clears goods for export

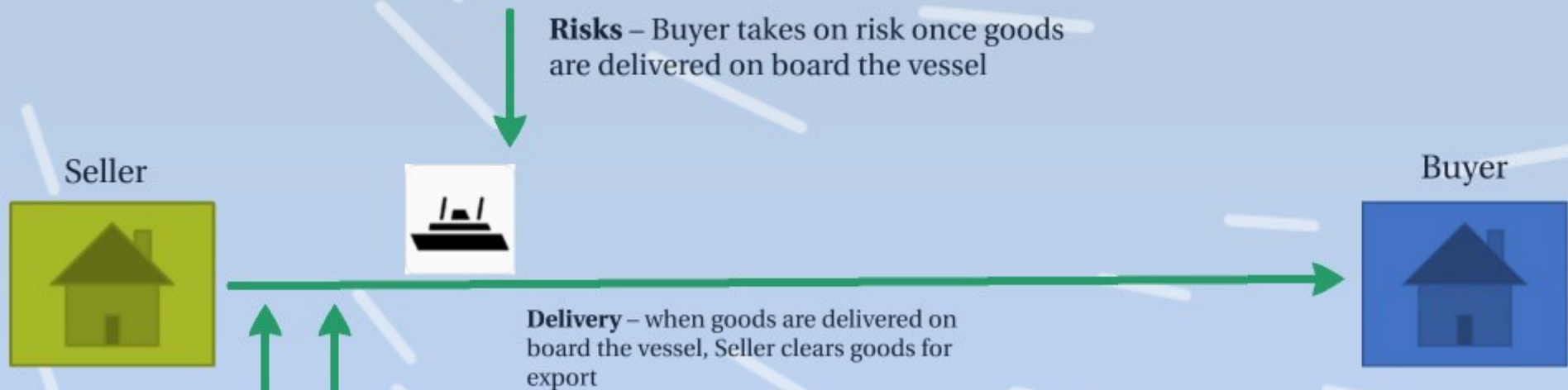
Costs – Seller pays costs for customs clearances and transportation to vessel

Buyer pays costs for transferring cargo.

Key Points

- Seller has minimum risk
- Seller needs the ability to obtain Proof of Export from the Forwarder
- Buyer has the risk and responsibility of loading, unloading and shipping the goods
- Seller responsible for the export licence, if appropriate

Free On Board (FOB)



Costs – Seller pays costs for customs clearance

Buyer pays costs for shipping, import duties, taxes etc. and offloading from vessel plus onward carriage costs

Key Points

- Seller has minimum risk
- Seller needs the ability to obtain Proof of Export from the Forwarder
- Buyer has the risk and responsibility of unloading and shipping the goods
- Seller responsible for the export licence, if appropriate
- Inappropriately used for goods in containers (use FCA)

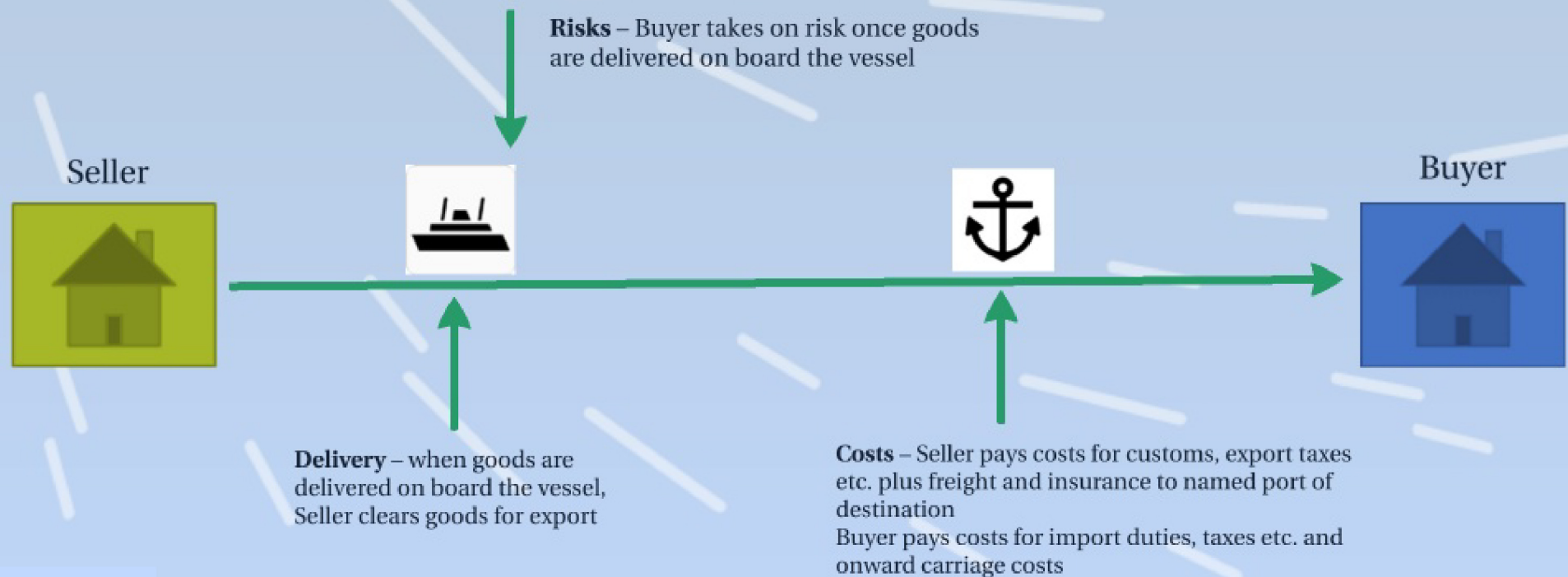
Cost and Freight (CFR)



Key Points

- Risk and cost pass at 2 different points, this should be identified in the contract
- Seller has control of paperwork, can gain copy export entry and proof of export
- Seller has minimal risks paying only costs to the to the named place of arrival
- Buyer takes on the risk early in the delivery process

Cost Insurance and Freight (CIF)



Key Points

- Risk and cost pass at 2 different points, this should be identified in the contract
- Seller has control of paperwork, can gain copy export entry and proof of export
- Seller has minimum risks paying only costs to the named place of arrival
- Buyer takes on the risk early in the delivery process
- Seller provides contract insurance with minimum coverage, complying with Institute Cargo Clause C