Incoterms 2000 Critical points in international transports

In this description, a critical point is that point in transit at which the seller's obligations cease and the buyer's obligations commence.



This chart aims at illustrating the relationship between the seller and the buyer in international trade, and at providing a useful tool both for day-to-day work and for drawing up contracts of sale. The chart is based on the trade terms contained in Incoterms 2000 approved by the International Chamber of Commerce and dealing with the seller's and buyer's obligations to one another. The trade terms only concern obligations stipulated in the contract of sale. As the Incoterms take the form of written text, it is difficult to illustrate in a simple manner all the different situations occurring in international transports.

The contracting parties may adopt the Incoterms as such as the basis for their contract, but in certain cases amendments and additions can be made. In case of difference of interpretations between this chart and the Incoterms, the latter shall be decisive. As for differences of interpretation between the Finnish and Englishlanguage Incoterms, the latter takes precedence. To avoid misinterpretation, this chart should be used together with Incoterms 2000.



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SEL	LER FRONTIER CUSTOMS CUSTOM	R
EXW DOCUMENTS RISKS	EX WORKS Collected from consigner (at named place)	EXW DOCUMENTS RISKS
COSTS	FREE CARRIER Free carrier (at named place of departure) Image: Constraint of the parture of the pa	COSTS
FCA DOCUMENTS RISKS	Image: Second	FCA DOCUMENTS RISKS
COSTS	FREE ALONGSIDE SHIP Free alongside ship (at named port of shipment)	COSTS FAS
DOCUMENTS RISKS		DOCUMENTS RISKS
COSTS	FREE ON BOARD Free on board (at named port of shipment)	
DOCUMENTS RISKS COSTS		DOCUMENTS RISKS COSTS
CFR 🕄	COST AND FREIGHT Cost and freight paid (to named port of destination)	CFR
DOCUMENTS RISKS COSTS		DOCUMENTS RISKS COSTS
CIF 🙂	COST, INSURANCE AND FREIGHT Cost, insurance and freight paid (to named port of destination)*	
DOCUMENTS RISKS COSTS	Cargo insurance taken out by seller to port of destination	DOCUMENTS RISKS COSTS
CPT DOCUMENTS	CARRIAGE PAID TO Carriage paid (to named place of destination)	
RISKS COSTS		DOCUMENTS RISKS COSTS
CIP DOCUMENTS	CARRIAGE AND INSURANCE PAID TO Carriage and insurance paid (to named place of destination)*	CIP DOCUMENTS
RISKS COSTS	-1] Cargo insurance taken out by seller to place of destination	RISKS COSTS
DAF 💿	DELIVERED AT FRONTIER Delivered at frontier (at named place)	DAF
RISKS COSTS	I At named frontier	RISKS COSTS
DES J DOCUMENTS RISKS	DELIVERED EX SHIP Delivered ex ship (at named port of destination)	DOCUMENTS RISKS
	DELIVERED EX QUAY Delivered ex quay (at named port of destination)	
DOCUMENTS RISKS COSTS		DOCUMENTS RISKS COSTS
DDU DOCUMENTS	DELIVERED DUTY UNPAID Delivered duty unpaid (at named place of destination)	DDU DOCUMENTS
RISKS COSTS		RISKS
DDCUMENTS RISKS COSTS	DELIVERED DUTY PAID Delivered duty paid (at named place of destination)	DDCUMENTS RISKS COSTS

KEY TO THE TERMS USED

EXW, FCA etc.

The official abbreviations for the trade terms.

Trade term applicable to transport by ship

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Trade term applicable to land transport

All other trade terms are applicable to any mode of transport.

Documents

Documents refers to the seller's and the buyer's obligation to acquire documents to be produced at certain stages of transit. The validity of the documents are, however, not indicated. Such documents include, for instance, export licences, certificates of origin, transport documents and insurance certificates.

The seller must acquire the documents at his own expense and risk.

The buyer must acquire the documents at his own expense and risk.

The seller acquires the documents, where requested by the buyer, at the buyer's expense and risk. The buyer is responsible for the documents being valid for a specific purpose. Risks

Exposure to an event which may cause loss of or damage to goods is referred to as a *risk*. Insurance can be taken out against most risks.



Costs

All expenses for goods and transport of goods are referred to as *costs*.

The seller is liable for costs. The buyer is liable for costs.

*Insurance

Under the CIP and CIF clauses, the seller must, on behalf of the buyer, take out insurance at his own expense against transport risks. The clauses provide that the insurance shall be taken on at least the minimum terms and conditions – such as the Institute Cargo Clauses (C) – unless the seller and the buyer agree otherwise. These clauses cover, however, only part of the cargo risks.

> Cargo insurance taken out by the seller up to the named port of destination or the named place of destination.

The critical point to be defined separately in the contract

The trade terms do not define the critical point. Therefore, the critical point, i.e. the place where all contractual obligations are transferred from the seller to the buyer, must be precisely defined in the contract.

