

# RULES FOR ANY MODE OR MODES OF TRANSPORT

## EX WORKS

### EXW (insert named place of delivery) Incoterms 2010

#### GUIDANCE NOTE

This rule may be used irrespective of the mode of transport selected and may also be used where more than one mode of transport is employed.

It is suitable for domestic trade, while FCA is usually more appropriate for international trade.

“Ex Works” means that the seller delivers when it places the goods at the disposal of the buyer at the seller’s premises or at another named place (i.e., works, factory, warehouse, etc.). The seller does not need to load the goods on any collecting vehicle, nor does it need to clear the goods for export, where such clearance is applicable.

The parties are well advised to specify as clearly as possible the point within the named place of delivery, as the costs and risks to that point are for the account of the seller. The buyer bears all costs and risks involved in taking the goods from the agreed point, if any, at the named place of delivery.

EXW represents the minimum obligation for the seller. The rule should be used with care as:

- a) The seller has no obligation to the buyer to load the goods, even though in practice the seller may be in a better position to do so. If the seller does load the goods, it does so at the buyer’s risk and expense. In cases where the seller is in a better position to load the goods, FCA, which obliges the seller to do so at its own risk and expense, is usually more appropriate.
- b) A buyer who buys from a seller on an EXW basis for export needs to be aware that the seller has an obligation to provide only such assistance as the buyer may require to effect that export: the seller is not bound to organize the export clearance. Buyers are therefore well advised not to use EXW if they cannot directly or indirectly obtain export clearance.
- c) The buyer has limited obligations to provide to the seller any information regarding the export of the goods. However, the seller may need this information for, e.g., taxation or reporting purposes.

## A THE SELLER' OBLIGATIONS

### A1 General obligations of the seller

The seller must provide the goods and the commercial invoice in conformity with the contract of sale and any other evidence of conformity that may be required by the contract. Any document referred to in A1-A10 may be an equivalent electronic record or procedure if agreed between the parties or customary.

A2 Licences, authorizations, security clearances and other formalities Where applicable, the seller must provide the buyer, at the buyer's request, risk and expense, assistance in obtaining any export licence, or other official authorization necessary for the export of the goods.

Where applicable, the seller must provide, at the buyer's request, risk and expense, any information in the possession of the seller that is required for the security clearance of the goods.

### A3 Contracts of carriage and insurance

#### a) Contract of carriage

The seller has no obligation to the buyer to make a contract of carriage.

#### b) Contract of insurance

The seller has no obligation to the buyer to make a contract of insurance. However, the seller must provide the buyer, at the buyer's request, risk and expense (if any), with information that the buyer needs for obtaining insurance.

### A4 Delivery

The seller must deliver the goods by placing them at the disposal of the buyer at the agreed point, if any, at the named place of delivery, not loaded on any collecting vehicle. If no specific point has been agreed within the named place of delivery, and if there are several points available, the seller may select the point that best suits its purpose. The seller must deliver the goods on the agreed date or within the agreed period.

## B THE BUYER' OBLIGATIONS

### B1 General obligations of the buyer

The buyer must pay the price of the goods as provided in the contract of sale.

Any document referred to in B1-B10 may be an equivalent electronic record or procedure if agreed between the parties or customary.

### B2 Licences, authorizations, security clearances and other formalities

Where applicable, it is up to the buyer to obtain, at its own risk and expense, any export and import licence or other official authorization and carry out all customs formalities for the export of the goods.

### B3 Contracts of carriage and insurance

a) Contract of carriage

The buyer has no obligation to the seller to make a contract of carriage.

b) Contract of insurance

The buyer has no obligation to the seller to make a contract of insurance.

B4 Taking delivery

The buyer must take delivery of the goods when A4 and A7 have been complied with.

A5 Transfer of risks

The seller bears all risks of loss of or damage to the goods until they have been delivered in accordance with A4 with the exception of loss or damage in the circumstances described in

B5.

A6 Allocation of costs

The seller must pay all costs relating to the goods until they have been delivered in accordance with A4, other than those payable by the buyer as envisaged in B6.

A7 Notices to the buyer

The seller must give the buyer any notice needed to enable the buyer to take delivery of the goods.

A8 Delivery document

The seller has no obligation to the buyer.

B5 Transfer of risks

The buyer bears all risks of loss of or damage to the goods from the time they have been delivered as envisaged in A4. If the buyer fails to give notice in accordance with B7, then the buyer bears all risks of loss of or damage to the goods from the agreed date or the expiry date of the agreed period for delivery, provided that the goods have been clearly identified as the contract goods.

B6 Allocation of costs

The buyer must:

- a) pay all costs relating to the goods from the time they have been delivered as envisaged in A4;
- b) pay any additional costs incurred by failing either to take delivery of the goods when they have been placed at its disposal or to give appropriate notice in accordance with B7, provided that the goods have been clearly identified as the contract goods;
- c) pay, where applicable, all duties, taxes and other charges, as well as the costs of carrying out customs formalities payable upon export; and
- d) reimburse all costs and charges incurred by the seller in providing assistance as envisaged in A2.

#### B7 Notices to the seller

The buyer must, whenever it is entitled to determine the time within an agreed period and/or the point of taking delivery within the named place, give the seller sufficient notice thereof.

#### B8 Proof of delivery

The buyer must provide the seller with appropriate evidence of having taken delivery.

#### A9 Checking –packaging –marking

The seller must pay the costs of those checking operations (such as checking quality, measuring, weighing, and counting) that are necessary for the purpose of delivering the goods in accordance with A4.

The seller must, at its own expense, package the goods, unless it is usual for the particular trade to transport the type of goods sold unpackaged. The seller may package the goods in the manner appropriate for their transport, unless the buyer has notified the seller of specific packaging requirements before the contract of sale is concluded. Packaging is to be marked appropriately.

#### A10 Assistance with information and related costs

The seller must, where applicable, in a timely manner, provide to or render assistance in obtaining for the buyer, at the buyer's request, risk and expense, any documents and information, including security-related information, that the buyer needs for the export and/or import of the goods and/or for their transport to the final destination.

#### B9 Inspection of goods

The buyer must pay the costs of any mandatory pre-shipment inspection, including inspection mandated by the authorities of the country of export.

#### B10 Assistance with information and related costs

The buyer must, in a timely manner, advise the seller of any security information requirements so that the seller may comply with A10.

The buyer must reimburse the seller for all costs and charges incurred by the seller in providing or rendering assistance in obtaining documents and information as envisaged in A10.

## Free Carrier

## FCA (insert named place of delivery) Incoterms 2010

### GUIDANCE NOTE

This rule may be used irrespective of the mode of transport selected and may also be used where more than one mode of transport is employed. "Free Carrier" means that the seller delivers the goods to the carrier or another person nominated by the buyer at the seller's premises or another named place. The parties are well advised to specify as clearly as possible the point within the named place of delivery, as the risk passes to the buyer at that point. If the parties intend to deliver the goods at the seller's premises, they should identify the address of those premises as the named place of delivery. If, on the other hand, the parties intend the goods to be delivered at another place, they must identify a different specific place of delivery.

FCA requires the seller to clear the goods for export, where applicable. However, the seller has no obligation to clear the goods for import, pay any import duty or carry out any import customs formalities.

## A THE SELLER' OBLIGATIONS

### A1 General obligations of the seller

The seller must provide the goods and the commercial invoice in conformity with the contract of sale and any other evidence of conformity that may be required by the contract.

Any document referred to in A1-A10 may be an equivalent electronic record or procedure if agreed between the parties or customary.

### A2 Licences, authorizations, security clearances and other formalities

Where applicable, the seller must obtain, at its own risk and expense, any export licence or other official authorization and carry out all customs formalities necessary for the export of the goods.

### A3 Contracts of carriage and insurance

#### a) Contract of carriage

The seller has no obligation to the buyer to make a contract of carriage. However, if requested by the buyer or if it is commercial practice and the buyer does not give an instruction to the contrary in due time, the seller may contract for carriage on usual terms at the buyer's risk and expense. In either case, the seller may decline to make the contract of carriage and, if it does, shall promptly notify the buyer.

#### b) Contract of insurance

The seller has no obligation to the buyer to make a contract of insurance. However, the seller must provide the buyer, at the buyer's request, risk, and expense (if any), with information that the buyer needs for obtaining insurance.

#### A4 Delivery

The seller must deliver the goods to the carrier or another person nominated by the buyer at the agreed point, if any, at the named place on the agreed date or within the agreed period.

Delivery is completed:

a) If the named place is the seller's premises, when the goods have been loaded on the means of transport provided by the buyer.

b) In any other case, when the goods are placed at the disposal of the carrier or another person nominated by the buyer on the seller's means of transport ready for unloading.

If no specific point has been notified by the buyer under B7 d) within the named place of delivery, and if there are several points available, the seller may select the point that best suits its purpose.

### B THE BUYER' OBLIGATIONS

#### B1 General obligations of the buyer

The buyer must pay the price of the goods as provided in the contract of sale.

Any document referred to in B1-B10 may be an equivalent electronic record or procedure if agreed between the parties or customary.

#### B2 Licences, authorizations, security clearances and other formalities

Where applicable, it is up to the buyer to obtain, at its own risk and expense, any import licence or other official authorization and carry out all customs formalities for the import of the goods and for their transport through any country.

#### B3 Contracts of carriage and insurance

##### a) Contract of carriage

The buyer must contract at its own expense for the carriage of the goods from the named place of delivery, except when the contract of carriage is made by the seller as provided for in A3 a).

##### b) Contract of insurance

The buyer has no obligation to the seller to make a contract of insurance.

#### B4 Taking delivery

The buyer must take delivery of the goods when they have been delivered as envisaged in A4.

Unless the buyer notifies the seller otherwise, the seller may deliver the goods for carriage in such a manner as the quantity and/or nature of the goods may require.

#### A5 Transfer of risks

The seller bears all risks of loss of or damage to the goods until they have been delivered in accordance with A4, with the exception of loss or damage in the circumstances described in

B5.

#### A6 Allocation of costs

The seller must pay

- a) all costs relating to the goods until they have been delivered in accordance with A4, other than those payable by the buyer as envisaged in B6; and
- b) where applicable, the costs of customs formalities necessary for export, as well as all duties, taxes, and other charges payable upon export.

#### B5 Transfer of risks

The buyer bears all risks of loss of or damage to the goods from the time they have been delivered as envisaged in A4.

If

- a) the buyer fails in accordance with B7 to notify the nomination of a carrier or another person as envisaged in A4 or to give notice; or
- b) the carrier or person nominated by the buyer as envisaged in A4 fails to take the goods into its charge, then, the buyer bears all risks of loss of or damage to the goods:
  - (i) from the agreed date, or in the absence of an agreed date,
  - (ii) from the date notified by the seller under A7 within the agreed period; or, if no such date has been notified,
  - (iii) from the expiry date of any agreed period for delivery, provided that the goods have been clearly identified as the contract goods.

#### B6 Allocation of costs

The buyer must pay

- a) all costs relating to the goods from the time they have been delivered as envisaged in A4, except, where applicable, the costs of customs formalities necessary for export, as well as all duties, taxes, and other charges payable upon export as referred to in A6 b);
- b) any additional costs incurred, either because:
  - (i) the buyer fails to nominate a carrier or another person as envisaged in A4, or
  - (ii) the carrier or person nominated by the buyer as envisaged in A4 fails to take the goods into its charge,or
  - (iii) the buyer has failed to give appropriate notice in accordance with B7, provided that the goods have been clearly identified as the contract goods; and
- c) where applicable, all duties, taxes and other charges as well as the costs of carrying out customs formalities payable upon import of the goods and the costs for their transport through any country.

#### A7 Notices to the buyer

The seller must, at the buyer's risk and expense, give the buyer sufficient notice either that the goods have been delivered in accordance with A4 or that the carrier or another person nominated by the buyer has failed to take the goods within the time agreed.

#### A8 Delivery document

The seller must provide the buyer, at the seller's expense, with the usual proof that the goods have been delivered in accordance with A4.

The seller must provide assistance to the buyer, at the buyer's request, risk and expense, in obtaining a transport document.

#### A9 Checking –packaging –marking

The seller must pay the costs of those checking operations (such as checking quality, measuring, weighing, counting) that are necessary for the purpose of delivering the goods in accordance with A4, as well as the costs of any pre-shipment inspection mandated by the authority of the country of export.

The seller must, at its own expense, package the goods, unless it is usual for the particular trade to transport the type of goods sold unpackaged. The seller may package the goods in the manner appropriate for their transport, unless the buyer has notified the seller of specific packaging requirements before the contract of sale is concluded. Packaging is to be marked appropriately.

A10 Assistance with information and related costs The seller must, where applicable, in a timely manner, provide to or render assistance in obtaining for the buyer, at the buyer's request, risk and expense, any documents and information, including security-related information, that the buyer needs for the import of the goods and/or for their transport to the final destination.

#### B7 Notices to the seller

The buyer must notify the seller of

- a) the name of the carrier or another person nominated as envisaged in A4 within sufficient time as to enable the seller to deliver the goods in accordance with that article;
- b) where necessary, the selected time within the period agreed for delivery when the carrier or person nominated will take the goods;
- c) the mode of transport to be used by the person nominated; and
- d) the point of taking delivery within the named place.

#### B8 Proof of delivery

The buyer must accept the proof of delivery provided as envisaged in A8.

#### B9 Inspection of goods

The buyer must pay the costs of any mandatory pre-shipment inspection, except when such inspection is mandated by the authorities of the country of export.

#### B10 Assistance with information and related costs

The buyer must, in a timely manner, advise the seller of any security information requirements so that the seller may comply with A10.

The buyer must reimburse the seller for all costs and charges incurred by the seller in providing or rendering assistance in obtaining documents and information as envisaged in A10.

The seller must reimburse the buyer for all costs and charges incurred by the buyer in providing or rendering assistance in obtaining documents and information as envisaged in B10.

The buyer must, where applicable, in a timely manner, provide to or render assistance in obtaining for the seller, at the seller's request, risk and expense, any documents and information, including security-related information, that the seller needs for the transport and export of the goods and for their transport through any country.

## CARRIAGE PAID TO

### CPT (insert named place of destination) Incoterms 2010

#### GUIDANCE NOTE

This rule may be used irrespective of the mode of transport selected and may also be used where more than one mode of transport is employed.

“Carriage Paid To” means that the seller delivers the goods to the carrier or another person nominated by the seller at an agreed place (if any such place is agreed between the parties) and that the seller must contract for and pay the costs of carriage necessary to bring the goods to the named place of destination.

When CPT, CIP, CFR or CIF are used, the seller fulfils its obligation to deliver when it hands the goods over to the carrier and not when the goods reach the place of destination.

This rule has two critical points, because risk passes and costs are transferred at different places. The parties are well advised to identify as precisely as possible in the contract both the place of delivery, where the risk passes to the buyer, and the named place of destination to which the seller must contract for the carriage. If several carriers are used for the carriage to the agreed destination and the parties do not agree on a specific point of delivery, the default position is that risk passes when the goods have been delivered to the first carrier at a point entirely of the seller's choosing and over which the

buyer has no control. Should the parties wish the risk to pass at a later stage (e.g., at an ocean port or airport), they need to specify this in their contract of sale. The parties are also well advised to identify as precisely as possible the point within the agreed place of destination, as the costs to that point are for the account of the seller. The seller is advised to procure contracts of carriage that match this choice precisely. If the seller incurs costs under its contract of carriage related to unloading at the named place of destination, the seller is not entitled to recover such costs from the buyer unless otherwise agreed between the parties.

CPT requires the seller to clear the goods for export, where applicable. However, the seller has no obligation to clear the goods for import, pay any import duty or carry out any import customs formalities.

## A THE SELLER' OBLIGATIONS

### A1 General obligations of the seller

The seller must provide the goods and the commercial invoice in conformity with the contract of sale and any other evidence of conformity that may be required by the contract. Any document referred to in A1-A10 may be an equivalent electronic record or procedure if agreed between the parties or customary.

A2 Licences, authorizations, security clearances and other formalities Where applicable, the seller must obtain, at its own risk and expense, any export licence or other official authorization and carry out all customs formalities necessary for the export of the goods, and for their transport through any country prior to delivery.

### A3 Contracts of carriage and insurance

#### a) Contract of carriage

The seller must contract or procure a contract for the carriage of the goods from the agreed point of delivery, if any, at the place of delivery to the named place of destination or, if agreed, any point at that place. The contract of carriage must be made on usual terms at the seller's expense and provide for carriage by the usual route and in a customary manner. If a specific point is not agreed or is not determined by practice, the seller may select the point of delivery and the point at the named place of destination that best suit its purpose.

#### b) Contract of insurance

The seller has no obligation to the buyer to make a contract of insurance. However, the seller must provide the buyer, at the buyer's request, risk, and expense (if any), with information that the buyer needs for obtaining insurance.

### A4 Delivery

The seller must deliver the goods by handing them over to the carrier contracted in accordance with A3 on the agreed date or within the agreed period.

## B THE BUYER' OBLIGATIONS

### B1 General obligations of the buyer

The buyer must pay the price of the goods as provided in the contract of sale. Any document referred to in B1-B10 may be an equivalent electronic record or procedure if agreed between the parties or customary.

B2 Licences, authorizations, security clearances and other formalities Where applicable, it is up to the buyer to obtain, at its own risk and expense, any import licence or other official authorization and carry out all customs formalities for the import of the goods and for their transport through any country.

### B3 Contracts of carriage and insurance

#### a) Contract of carriage

The buyer has no obligation to the seller to make a contract of carriage.

#### b) Contract of insurance

The buyer has no obligation to the seller to make a contract of insurance. However, the buyer must provide the seller, upon request, with the necessary information for obtaining insurance.

### B4 Taking delivery

The buyer must take delivery of the goods when they have been delivered as envisaged in A4 and receive them from the carrier at the named place of destination.

### A5 Transfer of risks

The seller bears all risks of loss of or damage to the goods until they have been delivered in accordance with A4, with the exception of loss or damage in the circumstances described in B5.

### A6 Allocation of costs The seller must pay

a) all costs relating to the goods until they have been delivered in accordance with A4, other than those payable by the buyer as envisaged in B6;

b) the freight and all other costs resulting from A3 a), including the costs of loading the goods and any charges for unloading at the place of destination that were for the seller's account under the contract of carriage; and

c) where applicable, the costs of customs formalities necessary for export, as well as all duties, taxes and other charges payable upon export, and the costs for their transport through any country that were for the seller's account under the contract of carriage.

### A7 Notices to the buyer

The seller must notify the buyer that the goods have been delivered in accordance with A4.

The seller must give the buyer any notice needed in order to allow the buyer to take measures that are normally necessary to enable the buyer to take the goods.

#### B5 Transfer of risks

The buyer bears all risks of loss of or damage to the goods from the time they have been delivered as envisaged in A4. If the buyer fails to give notice in accordance with B7, it must bear all risks of loss of or damage to the goods from the agreed date or the expiry date of the agreed period for delivery, provided that the goods have been clearly identified as the contract goods.

#### B6 Allocation of costs

The buyer must, subject to the provisions of A3 a), pay

- a) all costs relating to the goods from the time they have been delivered as envisaged in A4, except, where applicable, the costs of customs formalities necessary for export, as well as all duties, taxes, and other charges payable upon export as referred to in A6 c);
- b) all costs and charges relating to the goods while in transit until their arrival at the agreed place of destination, unless such costs and charges were for the seller's account under the contract of carriage;
- c) unloading costs, unless such costs were for the seller's account under the contract of carriage;
- d) any additional costs incurred if the buyer fails to give notice in accordance with B7, from the agreed date or the expiry date of the agreed period for dispatch, provided that the goods have been clearly identified as the contract goods; and
- e) where applicable, all duties, taxes and other charges, as well as the costs of carrying out customs formalities payable upon import of the goods and the costs for their transport through any country, unless included within the cost of the contract of carriage.

#### B7 Notices to the seller

The buyer must, whenever it is entitled to determine the time for dispatching the goods and/or the named place of destination or the point of receiving the goods within that place, give the seller sufficient notice thereof.

If customary or at the buyer's request, the seller must provide the buyer, at the seller's expense, with the usual transport document[s] for the transport contracted in accordance with A3.

This transport document must cover the contract goods and be dated within the period agreed for shipment. If agreed or customary, the document must also enable the buyer to claim the goods from the carrier at the named place of destination and enable the buyer to sell the goods in transit by the transfer of the document to a subsequent buyer or by notification to the carrier.

When such a transport document is issued in negotiable form and in several originals, a full set of originals must be presented to the buyer.

#### A9 Checking –packaging –marking

The seller must pay the costs of those checking operations (such as checking quality, measuring, weighing, counting) that are necessary for the purpose of delivering the goods in accordance with A4, as well as the costs of any pre-shipment inspection mandated by the authority of the country of export. The seller must, at its own expense, package the goods, unless it is usual for the particular trade to transport the type of goods sold unpackaged. The seller may package the goods in the manner appropriate for their transport, unless the buyer has notified the seller of specific packaging requirements before the contract of sale is concluded. Packaging is to be marked appropriately.

#### A10 Assistance with information and related costs

The seller must, where applicable, in a timely manner, provide to or render assistance in obtaining for the buyer, at the buyer's request, risk and expense, any documents and information, including security-related information, that the buyer needs for the import of the goods and/or for their transport to the final destination.

The seller must reimburse the buyer for all costs and charges incurred by the buyer in providing or rendering assistance in obtaining documents and information as envisaged in B10.

#### B8 Proof of delivery

The buyer must accept the transport document provided as envisaged in A8 if it is in conformity with the contract.

#### B9 Inspection of goods

The buyer must pay the costs of any mandatory pre-shipment inspection, except when such inspection is mandated by the authorities of the country of export.

#### B10 Assistance with information and related costs

The buyer must, in a timely manner, advise the seller of any security information requirements so that the seller may comply with A10.

The buyer must reimburse the seller for all costs and charges incurred by the seller in providing or rendering assistance in obtaining documents and information as envisaged in A10.

The buyer must, where applicable, in a timely manner, provide to or render assistance in obtaining for the seller, at the seller's request, risk and expense, any documents and information, including security-related information, that the seller needs for the transport and export of the goods and for their transport through any country.

## CARRIAGE AND INSURANCE PAID TO

### CIP (insert named place of destination) Incoterms 2010

#### GUIDANCE NOTE

This rule may be used irrespective of the mode of transport selected and may also be used where more than one mode of transport is employed. "Carriage and Insurance Paid to" means that the seller delivers the goods to the carrier or another person nominated by the seller at an agreed place (if any such place is agreed between the parties) and that the seller must contract for and pay the costs of carriage necessary to bring the goods to the named place of destination.

The seller also contracts for insurance cover against the buyer's risk of loss of or damage to the goods during the carriage. The buyer should note that under CIP the seller is required to obtain insurance only on minimum cover. Should the buyer wish to have more insurance protection, it will need either to agree as much expressly with the seller or to make its own extra insurance arrangements.

When CPT, CIP, CFR or CIF are used, the seller fulfils its obligation to deliver when it hands the goods over to the carrier and not when the goods reach the place of destination.

This rule has two critical points, because risk passes and costs are transferred at different places. The parties are well advised to identify as precisely as possible in the contract both the place of delivery, where the risk passes to the buyer, and the named place of destination to which the seller must contract for carriage. If several carriers are used for the carriage to the agreed destination and the parties do not agree on a specific point of delivery, the default position is that risk passes when the goods have been delivered to the first carrier at a point entirely of the seller's choosing and over which the buyer has no control. Should the parties wish the risk to pass at a later stage (e.g., at an ocean port or an airport), they need to specify this in their contract of sale.

The parties are also well advised to identify as precisely as possible the point within the agreed place of destination, as the costs to that point are for the account of the seller. The seller is advised to procure contracts of carriage that match this choice precisely. If the seller incurs costs under its contract of carriage related to unloading at the named place of destination, the seller is not entitled to recover such costs from the buyer unless otherwise agreed between the parties.

CIP requires the seller to clear the goods for export, where applicable. However, the seller has no obligation to clear the goods for import, pay any import duty or carry out any import customs formalities.

## A THE SELLER' OBLIGATIONS

### A1 General obligations of the seller

The seller must provide the goods and the commercial invoice in conformity with the contract of sale and any other evidence of conformity that may be required by the contract. Any document referred to in A1-A10 may be an equivalent electronic record or procedure if agreed between the parties or customary.

A2 Licences, authorizations, security clearances and other formalities Where applicable, the seller must obtain, at its own risk and expense, any export licence or other official authorization and carry out all customs formalities necessary for the export of the goods and for their transport through any country prior to delivery.

## B THE BUYER' OBLIGATIONS

B1 General obligations of the buyer The buyer must pay the price of the goods as provided in the contract of sale. Any document referred to in B1-B10 may be an equivalent electronic record or procedure if agreed between the parties or customary.

B2 Licences, authorizations, security clearances and other Formalities Where applicable, it is up to the buyer to obtain, at its own risk and expense, any import licence or other official authorization and carry out all customs formalities for the import of the goods and for their transport through any country.

### A3 Contracts of carriage and insurance

#### a) Contract of carriage

The seller must contract or procure a contract for the carriage of the goods from the agreed point of delivery, if any, at the place of delivery to the named place of destination or, if agreed, any point at that place. The contract of carriage must be made on usual terms at the seller's expense and provide for carriage by the usual route and in a customary manner. If a specific point is not agreed or is not determined by practice, the seller may select the point of delivery and the point at the named place of destination that best suit its purpose.

#### b) Contract of insurance

The seller must obtain at its own expense cargo insurance complying at least with the minimum cover as provided by Clauses (C) of the Institute Cargo Clauses (LMA/IUA) or any similar clauses. The insurance shall be contracted with underwriters or an insurance company of good repute and entitle the buyer, or any other person having an insurable interest in the goods, to claim directly from the insurer.

When required by the buyer, the seller shall, subject to the buyer providing any necessary information requested by the seller, provide at the buyer's expense any additional cover, if procurable, such as cover as provided by Clauses (A) or (B) of the Institute Cargo Clauses (LMA/IUA) or any similar clauses, and/or cover complying with the Institute War Clauses and/or Institute Strikes Clauses (LMA/IUA) or any similar clauses. The insurance shall cover, at a minimum, the price provided in the contract plus 10% (i.e., 110%) and shall be in the currency of the contract. The insurance shall cover the goods from the point of delivery set out in A and A5 to at least the named place of destination. The seller must provide the buyer with the insurance policy or other evidence of insurance cover. Moreover, the seller must provide the buyer, at the buyer's request, risk, and expense (if any), with information that the buyer needs to procure any additional insurance.

#### A4 Delivery

The seller must deliver the goods by handing them over to the carrier contracted in accordance with A3 on the agreed date or within the agreed period.

#### B3 Contracts of carriage and insurance

##### a) Contract of carriage

The buyer has no obligation to the seller to make a contract of carriage.

##### b) Contract of insurance

The buyer has no obligation to the seller to make a contract of insurance. However, the buyer must provide the seller, upon request, with any information necessary for the seller to procure any additional insurance requested by the buyer as envisaged in A3 b).

#### B4 Taking delivery

The buyer must take delivery of the goods when they have been delivered as envisaged in A4 and receive them from the carrier at the named place of destination.

#### A5 Transfer of risks

The seller bears all risks of loss of or damage to the goods until they have been delivered in accordance with A4, with the exception of loss or damage in the circumstances described in B5.

#### A6 Allocation of costs

The seller must pay

- a) all costs relating to the goods until they have been delivered in accordance with A4, other than those payable by the buyer as envisaged in B6;
- b) the freight and all other costs resulting from A3 a), including the costs of loading the goods and any charges for unloading at the place of destination that were for the seller's account under the contract of carriage;
- c) the costs of insurance resulting from A3 b); and d) where applicable, the costs of customs formalities necessary for export, as well as all duties, taxes and other charges payable upon export, and the costs for their transport through any country that were for the seller's account under the contract of carriage.

#### A7 Notices to the buyer

The seller must notify the buyer that the goods have been delivered in accordance with A4.

The seller must give the buyer any notice needed in order to allow the buyer to take measures that are normally necessary to enable the buyer to take the goods.

#### B5 Transfer of risks

The buyer bears all risks of loss of or damage to the goods from the time they have been delivered as envisaged in A4. If the buyer fails to give notice in accordance with B7, it must bear all risks of loss of or damage to the goods from the agreed date or the expiry date of the agreed period for delivery, provided that the goods have been clearly identified as the contract goods.

#### B6 Allocation of costs

The buyer must, subject to the provisions of A3 a), pay

- a) all costs relating to the goods from the time they have been delivered as envisaged in A4, except, where applicable, the costs of customs formalities necessary for export, as well as all duties, taxes and other charges payable upon export as referred to in A6 d);
- b) all costs and charges relating to the goods while in transit until their arrival at the agreed place of destination, unless such costs and charges were for the seller's account under the contract of carriage;
- c) unloading costs, unless such costs were for the seller's account under the contract of carriage;
- d) any additional costs incurred if it fails to give notice in accordance with B7, from the agreed date or the expiry date of the agreed period for dispatch, provided that the goods have been clearly identified as the contract goods;

e) where applicable, all duties, taxes and other charges as well as the costs of carrying out customs formalities payable upon import of the goods and the costs for their transport through any country, unless included within the cost of the contract of carriage; and

f) the costs of any additional insurance procured at the buyer's request under A3 and B3.

#### B7 Notices to the seller

The buyer must, whenever it is entitled to determine the time for dispatching the goods and/or the named place of destination or the point of receiving the goods within that place, give the seller sufficient notice thereof.

#### A8 Delivery document

If customary or at the buyer's request, the seller must provide the buyer, at the seller's expense, with the usual transport document[s] for the transport contracted in accordance with A3.

This transport document must cover the contract goods and be dated within the period agreed for shipment. If agreed or customary, the document must also enable the buyer to claim the goods from the carrier at the named place of destination and enable the buyer to sell the goods in transit by the transfer of the document to a subsequent buyer or by notification to the carrier.

When such a transport document is issued in negotiable form and in several originals, a full set of originals must be presented to the buyer.

#### A9 Checking –packaging –marking

The seller must pay the costs of those checking operations (such as checking quality, measuring, weighing, counting) that are necessary for the purpose of delivering the goods in accordance with A4 as well as the costs of any pre-shipment inspection mandated by the authority of the country of export.

The seller must, at its own expense, package the goods, unless it is usual for the particular trade to transport the type of goods sold unpackaged. The seller may package the goods in the manner appropriate for their transport, unless the buyer has notified the seller of specific packaging requirements before the contract of sale is concluded. Packaging is to be marked appropriately.

#### A10 Assistance with information and related costs

The seller must, where applicable, in a timely manner, provide to or render assistance in obtaining for the buyer, at the buyer's request, risk and expense, any documents and information, including security-related

information, that the buyer needs for the import of the goods and/or for their transport to the final destination.

The seller must reimburse the buyer for all costs and charges incurred by the buyer in providing or rendering assistance in obtaining documents and information as envisaged in B10.

#### B8 Proof of delivery

The buyer must accept the transport document provided as envisaged in A8 if it is in conformity with the contract.

#### B9 Inspection of goods

The buyer must pay the costs of any mandatory pre-shipment inspection, except when such inspection is mandated by the authorities of the country of export.

#### B10 Assistance with information and related costs

The buyer must, in a timely manner, advise the seller of any security information requirements so that the seller may comply with A10. The buyer must reimburse the seller for all costs and charges incurred by the seller in providing or rendering assistance in obtaining documents and information as envisaged in A10.

The buyer must, where applicable, in a timely manner, provide to or render assistance in obtaining for the seller, at the seller's request, risk and expense, any documents and information, including security-related information, that the seller needs for the transport and export of the goods and for their transport through any country.

# DAT

DELIVERED AT TERMINAL

DAT (insert named terminal at port or place of destination)

Incoterms 2010

#### GUIDANCE NOTE

This rule may be used irrespective of the mode of transport selected and may also be used where more than one mode of transport is employed.

“Delivered at Terminal” means that the seller delivers when the goods, once unloaded from the arriving means of transport, are placed at the disposal of the buyer at a named terminal at the named port or place of destination. “Terminal” includes any place, whether covered or not, such as a quay, warehouse, container yard or road, rail or air cargo terminal.

The seller bears all risks involved in bringing the goods to and unloading them at the terminal at the named port or place of destination. The parties are well advised to specify as clearly as possible the terminal and, if possible, a specific point within the terminal at the agreed port or place of destination, as the risks to that point are for the account of the seller. The seller is advised to procure a contract of carriage that matches this choice precisely.

Moreover, if the parties intend the seller to bear the risks and costs involved in transporting and handling the goods from the terminal to another place, then the DAP or DDP rules should be used.

DAT requires the seller to clear the goods for export, where applicable.

However, the seller has no obligation to clear the goods for import, pay any import duty or carry out any import customs formalities.

## A THE SELLER' OBLIGATIONS

### A1 General obligations of the seller

The seller must provide the goods and the commercial invoice in conformity with the contract of sale and any other evidence of conformity that may be required by the contract.

Any document referred to in A1-A10 may be an equivalent electronic record or procedure if agreed between the parties or customary.

A2 Licences, authorizations, security clearances and other formalities Where applicable, the seller must obtain, at its own risk and expense, any export licence and other official authorization and carry out all customs formalities necessary for the export of the goods and for their transport through any country prior to delivery.

### A3 Contracts of carriage and insurance

#### a) Contract of carriage

The seller must contract at its own expense for the carriage of the goods to the named terminal at the agreed port or place of destination. If a specific terminal is not agreed or is not determined by practice, the seller may select the terminal at the agreed port or place of destination that best suits its purpose.

#### b) Contract of insurance

The seller has no obligation to the buyer to make a contract of insurance. However, the seller must provide the buyer, at the buyer's request, risk, and expense (if any), with information that the buyer needs for obtaining insurance.

#### A4 Delivery

The seller must unload the goods from the arriving means of transport and must then deliver them by placing them at the disposal of the buyer at the named terminal referred to in A3 a) at the port or place of destination on the agreed date or within the agreed period.

## B THE BUYER' OBLIGATIONS

### B1 General obligations of the buyer

The buyer must pay the price of the goods as provided in the contract of sale.

Any document referred to in B1-B10 may be an equivalent electronic record or procedure if agreed between the parties or customary.

### B2 Licences, authorizations, security clearances and other formalities

Where applicable, the buyer must obtain, at its own risk and expense, any import licence or other official authorization and carry out all customs formalities for the import of the goods.

### B3 Contracts of carriage and insurance

#### a) Contract of carriage

The buyer has no obligation to the seller to make a contract of carriage.

#### b) Contract of insurance

The buyer has no obligation to the seller to make a contract of insurance. However, the buyer must provide the seller, upon request, with the necessary information for obtaining insurance.

### B4 Taking delivery

The buyer must take delivery of the goods when they have been delivered as envisaged in A4.

### A5 Transfer of risks

The seller bears all risks of loss of or damage to the goods until they have been delivered in accordance with A4 with the exception of loss or damage in the circumstances described in B5.

### A6 Allocation of costs

The seller must pay

- a) in addition to costs resulting from A3 a), all costs relating to the goods until they have been delivered in accordance with A4, other than those payable by the buyer as envisaged in B6; and
- b) where applicable, the costs of customs formalities necessary for export as well as all duties, taxes and other charges payable upon export and the costs for their transport through any country, prior to delivery in accordance with A4.

A7 Notices to the buyer

The seller must give the buyer any notice needed in order to allow the buyer to take measures that are normally necessary to enable the buyer to take delivery of the goods.

A8 Delivery document

The seller must provide the buyer, at the seller's expense, with a document enabling the buyer to take delivery of the goods as envisaged in A4/B4.

B5 Transfer of risks

The buyer bears all risks of loss of or damage to the goods from the time they have been delivered as envisaged in A4.

If

a) the buyer fails to fulfill its obligations in accordance with B2, then it bears all resulting risks of loss of or damage to the goods;

or

b) the buyer fails to give notice in accordance with B7, then it bears all risks of loss of or damage to the goods from the agreed date or the expiry date of the agreed period for delivery, provided that the goods have been clearly identified as the contract goods.

B6 Allocation of costs

The buyer must pay

- a) all costs relating to the goods from the time they have been delivered as envisaged in A4;
- b) any additional costs incurred by the seller if the buyer fails to fulfill its obligations in accordance with B2, or to give notice in accordance with B7, provided that the goods have been clearly identified as the contract goods; and
- c) where applicable, the costs of customs formalities as well as all duties, taxes and other charges payable upon import of the goods.

#### B7 Notices to the seller

The buyer must, whenever it is entitled to determine the time within an agreed period and/or the point of taking delivery at the named terminal, give the seller sufficient notice thereof.

#### B8 Proof of delivery

The buyer must accept the delivery document provided as envisaged in A8.

#### A9 Checking –packaging –marking

The seller must pay the costs of those checking operations (such as checking quality, measuring, weighing, counting) that are necessary for the purpose of delivering the goods in accordance with A4, as well as the costs of any pre-shipment inspection mandated by the authority of the country of export. The seller must, at its own expense, package the goods, unless it is usual for the particular trade to transport the type of goods sold unpackaged. The seller may package the goods in the manner appropriate for their transport, unless the buyer has notified the seller of specific packaging requirements before the contract of sale is concluded. Packaging is to be marked appropriately.

#### A10 Assistance with information and related costs

The seller must, where applicable, in a timely manner, provide to or render assistance in obtaining for the buyer, at the buyer's request, risk and expense, any documents and information, including security-related information, that the buyer needs for the import of the goods and/or for their transport to the final destination.

The seller must reimburse the buyer for all costs and charges incurred by the buyer in providing or rendering assistance in obtaining documents and information as envisaged in B10.

#### B9 Inspection of goods

The buyer must pay the costs of any mandatory pre-shipment inspection, except when such inspection is mandated by the authorities of the country of export.

**B10 Assistance with information and related costs** The buyer must, in a timely manner, advise the seller of any security information requirements so that the seller may comply with A10.

The buyer must reimburse the seller for all costs and charges incurred by the seller in providing or rendering assistance in obtaining documents and information as envisaged in A10.

The buyer must, where applicable, in a timely manner, provide to or render assistance in obtaining for the seller, at the seller's request, risk and expense, any documents and information,

including security-related information, that the seller needs for the transport and export of the goods and for their transport through any country.

## DELIVERED AT PLACE

### DAP (insert named place of destination) Incoterms 2010

#### GUIDANCE NOTE

This rule may be used irrespective of the mode of transport selected and may also be used where more than one mode of transport is employed. "Delivered at Place" means that the seller delivers when the goods are placed at the disposal of the buyer on the arriving means of transport ready for unloading at the named place of destination. The seller bears all risks involved in bringing the goods to the named place.

The parties are well advised to specify as clearly as possible the point within the agreed place of destination, as the risks to that point are for the account of the seller. The seller is advised to procure contracts of carriage that match this choice precisely. If the seller incurs costs under its contract of carriage related to unloading at the place of destination, the seller is not entitled to recover such costs from the buyer unless otherwise agreed between the parties.

DAP requires the seller to clear the goods for export, where applicable.

However, the seller has no obligation to clear the goods for import, pay any import duty or carry out any import customs formalities. If the parties wish the seller to clear the goods for import, pay any import duty and carry out any import customs formalities, the DDP term should be used.

#### A THE SELLER' OBLIGATIONS

##### A1 General obligations of the seller

The seller must provide the goods and the commercial invoice in conformity with the contract of sale and any other evidence of conformity that may be required by the contract.

Any document referred to in A1-A10 may be an equivalent electronic record or procedure if agreed between the parties or customary.

##### A2 Licences, authorizations, security clearances and other formalities

Where applicable, the seller must obtain, at its own risk and expense, any export licence and other official authorization and carry out all customs formalities necessary for the export of the goods and for their transport through any country prior to delivery.

### A3 Contracts of carriage and insurance

#### a) Contract of carriage

The seller must contract at its own expense for the carriage of the goods to the named place of destination or to the agreed point, if any, at the named place of destination. If a specific point is not agreed or is not determined by practice, the seller may select the point at the named place of destination that best suits its purpose.

#### b) Contract of insurance

The seller has no obligation to the buyer to make a contract of insurance. However, the seller must provide the buyer, at the buyer's request, risk, and expense (if any), with information that the buyer needs for obtaining insurance.

### A4 Delivery

The seller must deliver the goods by placing them at the disposal of the buyer on the arriving means of transport ready for unloading at the agreed point, if any, at the named place of destination on the agreed date or within the agreed period.

## B THE BUYER' OBLIGATIONS

### B1 General obligations of the buyer

The buyer must pay the price of the goods as provided in the contract of sale.

Any document referred to in B1-B10 may be an equivalent electronic record or procedure if agreed between the parties or customary.

### B2 Licences, authorizations, security clearances and other formalities

Where applicable, the buyer must obtain, at its own risk and expense, any import licence or other official authorization and carry out all customs formalities for the import of the goods.

### B3 Contracts of carriage and insurance

#### a) Contract of carriage

The buyer has no obligation to the seller to make a contract of carriage.

#### b) Contract of insurance

The buyer has no obligation to the seller to make a contract of insurance. However, the buyer must provide the seller, upon request, with the necessary information for obtaining insurance.

### B4 Taking delivery

The buyer must take delivery of the goods when they have been delivered as envisaged in A4.

#### A5 Transfer of risks

The seller bears all risks of loss of or damage to the goods until they have been delivered in accordance with A4, with the exception of loss or damage in the circumstances described in B5.

#### A6 Allocation of costs

The seller must pay

- a) in addition to costs resulting from A3 a), all costs relating to the goods until they have been delivered in accordance with A4, other than those payable by the buyer as envisaged in B6;
- b) any charges for unloading at the place of destination that were for the seller's account under the contract of carriage; and
- c) where applicable, the costs of customs formalities necessary for export as well as all duties, taxes and other charges payable upon export and the costs for their transport through any country, prior to delivery in accordance with A4.

#### A7 Notices to the buyer

The seller must give the buyer any notice needed in order to allow the buyer to take measures that are normally necessary to enable the buyer to take delivery of the goods.

#### A8 Delivery document

The seller must provide the buyer, at the seller's expense, with a document enabling the buyer to take delivery of the goods as envisaged in A4/B4.

#### B5 Transfer of risks

The buyer bears all risks of loss of or damage to the goods from the time they have been delivered as envisaged in A4.

If

- a) the buyer fails to fulfill its obligations in accordance with B2, then it bears all resulting risks of loss of or damage to the goods; or
- b) the buyer fails to give notice in accordance with B7, then it bears all risks of loss of or damage to the goods from the agreed date or the expiry date of the agreed period for delivery, provided that the goods have been clearly identified as the contract goods.

#### B6 Allocation of costs

The buyer must pay

- a) all costs relating to the goods from the time they have been delivered as envisaged in A4;
- b) all costs of unloading necessary to take delivery of the goods from the arriving means of transport at the named place of destination, unless such costs were for the seller's account under the contract of carriage;
- c) any additional costs incurred by the seller if the buyer fails to fulfill its obligations in accordance with B2 or to give notice in accordance with B7, provided that the goods have been clearly identified as the contract goods; and
- d) where applicable, the costs of customs formalities, as well as all duties, taxes and other charges payable upon import of the goods.

#### B7 Notices to the seller

The buyer must, whenever it is entitled to determine the time within an agreed period and/or the point of taking delivery within the named place of destination, give the seller sufficient notice thereof.

#### B8 Proof of delivery

The buyer must accept the delivery document provided as envisaged in A8.

#### A9 Checking –packaging –marking

The seller must pay the costs of those checking operations (such as checking quality, measuring, weighing, counting) that are necessary for the purpose of delivering the goods in accordance with A4, as well as the costs of any pre-shipment inspection mandated by the authority of the country of export. The seller must, at its own expense, package the goods, unless it is usual for the particular trade to transport the type of goods sold unpackaged. The seller may package the goods in the manner appropriate for their transport, unless the buyer has notified the seller of specific packaging requirements before the contract of sale is concluded. Packaging is to be marked appropriately.

#### A10 Assistance with information and related costs

The seller must, where applicable, in a timely manner, provide to or render assistance in obtaining for the buyer, at the buyer's request, risk and expense, any documents and information, including security-related information, that the buyer needs for the import of the goods and/or for their transport to the final destination. The seller must reimburse the buyer for all costs and charges incurred by the buyer in providing or rendering assistance in obtaining documents and information as envisaged in B10.

#### B9 Inspection of goods

The buyer must pay the costs of any mandatory pre-shipment inspection, except when such inspection is mandated by the authorities of the country of export.

#### B10 Assistance with information and related costs

The buyer must, in a timely manner, advise the seller of any security information requirements so that the seller may comply with A10. The buyer must reimburse the seller for all costs and charges incurred by the seller in providing or rendering assistance in obtaining documents and information as envisaged in A10.

The buyer must, where applicable, in a timely manner, provide to or render assistance in obtaining for the seller, at the seller's request, risk and expense, any documents and information, including security-related information, that the seller needs for the transport and export of the goods and for their transport through any country.

## DELIVERED DUTY PAID

### DDP (insert named place of destination) Incoterms 2010

#### GUIDANCE NOTE

This rule may be used irrespective of the mode of transport selected and may also be used where more than one mode of transport is employed. "Delivered Duty Paid" means that the seller delivers the goods when the goods are placed at the disposal of the buyer, cleared for import on the arriving means of transport ready for unloading at the named place of destination. The seller bears all the costs and risks involved in bringing the goods to the place of destination and has an obligation to clear the goods not only for export but also for import, to pay any duty for both export and import and to carry out all customs formalities.

DDP represents the maximum obligation for the seller. The parties are well advised to specify as clearly as possible the point within the agreed place of destination, as the costs and risks to that point are for the account of the seller. The seller is advised to procure contracts of carriage that match this choice precisely. If the seller incurs costs under its contract of carriage related to unloading at the place of destination, the seller is not entitled to recover such costs from the buyer unless otherwise agreed between the parties.

The parties are well advised not to use DDP if the seller is unable directly or indirectly to obtain import clearance.

If the parties wish the buyer to bear all risks and costs of import clearance, the DAP rule should be used.

Any VAT or other taxes payable upon import are for the seller's account unless expressly agreed otherwise in the sales contract.

## **A THE SELLER' OBLIGATIONS**

### **A1 General obligations of the seller**

The seller must provide the goods and the commercial invoice in conformity with the contract of sale and any other evidence of conformity that may be required by the contract.

Any document referred to in A1-A10 may be an equivalent electronic record or procedure if agreed between the parties or customary.

### **A2 Licences, authorizations, security clearances and other formalities**

Where applicable, the seller must obtain, at its own risk and expense, any export and import licence and other official authorization and carry out all customs formalities necessary for the export of the goods, for their transport through any country and for their import.

### **A3 Contracts of carriage and insurance**

#### **a) Contract of carriage**

The seller must contract at its own expense for the carriage of the goods to the named place of destination or to the agreed point, if any, at the named place of destination. If a specific point is not agreed or is not determined by practice, the seller may select the point at the named place of destination that best suits its purpose.

#### **b) Contract of insurance**

The seller has no obligation to the buyer to make a contract of insurance. However, the seller must provide the buyer, at the buyer's request, risk, and expense (if any), with information that the buyer needs for obtaining insurance.

### **A4 Delivery**

The seller must deliver the goods by placing them at the disposal of the buyer on the arriving means of transport ready for unloading at the agreed point, if any, at the named place of destination on the agreed date or within the agreed period.

## **B THE BUYER' OBLIGATIONS**

### **B1 General obligations of the buyer**

The buyer must pay the price of the goods as provided in the contract of sale.

Any document referred to in B1-B10 may be an equivalent electronic record or procedure if agreed between the parties or customary.

B2 Licences, authorizations, security clearances and other formalities Where applicable, the buyer must provide assistance to the seller, at the seller's request, risk and expense, in obtaining any import licence or other official authorization for the import of the goods.

B3 Contracts of carriage and insurance

a) Contract of carriage

The buyer has no obligation to the seller to make a contract of carriage.

b) Contract of insurance

The buyer has no obligation to the seller to make a contract of insurance. However, the buyer must provide the seller, upon request, with the necessary information for obtaining insurance.

B4 Taking delivery

The buyer must take delivery of the goods when they have been delivered as envisaged in A4.

A5 Transfer of risks

The seller bears all risks of loss of or damage to the goods until they have been delivered in accordance with A4, with the exception of loss or damage in the circumstances described in B5.

A6 Allocation of costs The seller must pay

a) in addition to costs resulting from A3 a), all costs relating to the goods until they have been delivered in accordance with A4, other than those payable by the buyer as envisaged in B6;

b) any charges for unloading at the place of destination that were

for the seller's account under the contract of carriage; and

c) where applicable, the costs of customs formalities necessary for export and import as well as all duties, taxes and other charges payable upon export and import of the goods, and the costs for their transport through any country prior to delivery in accordance with A4.

A7 Notices to the buyer

The seller must give the buyer any notice needed in order to allow the buyer to take measures that are normally necessary to enable the buyer to take delivery of the goods.

A8 Delivery document The seller must provide the buyer, at the seller's expense, with a document enabling the buyer to take delivery of the goods as envisaged in A4/B4.

B5 Transfer of risks

The buyer bears all risks of loss of or damage to the goods from the time they have been delivered as envisaged in A4.

If

a) the buyer fails to fulfill its obligations in accordance with B2, then it bears all resulting risks of loss of or damage to the goods;

or

b) the buyer fails to give notice in accordance with B7, then it bears all risks of loss of or damage to the goods from the agreed date or the expiry date of the agreed period for delivery, provided that the goods have been clearly identified as the contract goods.

#### B6 Allocation of costs

The buyer must pay

a) all costs relating to the goods from the time they have been delivered as envisaged in A4;

b) all costs of unloading necessary to take delivery of the goods from the arriving means of transport at the named place of destination, unless such costs were for the seller's account under the contract of carriage; and

c) any additional costs incurred if it fails to fulfill its obligations in accordance with B2 or to give notice in accordance with B7, provided that the goods have been clearly identified as the contract goods.

#### B7 Notices to the seller

The buyer must, whenever it is entitled to determine the time within an agreed period and/or the point of taking delivery within the named place of destination, give the seller sufficient notice thereof.

#### B8 Proof of delivery

The buyer must accept the proof of delivery provided as envisaged in A8.

#### A9 Checking –packaging –marking

The seller must pay the costs of those checking operations (such as checking quality, measuring, weighing, counting) that are necessary for the purpose of delivering the goods in accordance with A4, as well as the costs of any pre-shipment inspection mandated by the authority of the country of export or of import.

The seller must, at its own expense, package the goods, unless it is usual for the particular trade to transport the type of goods sold unpackaged. The seller may package the goods in the manner

appropriate for their transport, unless the buyer has notified the seller of specific packaging requirements before the contract of sale is concluded. Packaging is to be marked appropriately.

#### A10 Assistance with information and related costs

The seller must, where applicable, in a timely manner, provide to or render assistance in obtaining for the buyer, at the buyer's request, risk and expense, any documents and information, including security-related information, that the buyer needs for the transport of the goods to the final destination, where applicable, from the named place of destination.

The seller must reimburse the buyer for all costs and charges incurred by the buyer in providing or rendering assistance in obtaining documents and information as envisaged in B10.

#### B9 Inspection of goods

The buyer has no obligation to the seller to pay the costs of any mandatory pre-shipment inspection mandated by the authority of the country of export or of import.

#### B10 Assistance with information and related costs

The buyer must, in a timely manner, advise the seller of any security information requirements so that the seller may comply with A10. The buyer must reimburse the seller for all costs and charges incurred by the seller in providing or rendering assistance in obtaining documents and information as envisaged in A10. The buyer must, where applicable, in a timely manner, provide to or render assistance in obtaining for the seller, at the seller's request, risk and expense, any documents and information, including security-related information, that the seller needs for the transport, export and import of the goods and for their transport through any country.

## **RULES FOR SEA AND INLAND WATERWAY TRANSPORT**

### **FREE ALONGSIDE SHIP**

### **FAS (insert named port of shipment) Incoterms 2010**

#### **GUIDANCE NOTE**

This rule is to be used only for sea or inland waterway transport.

“Free Alongside Ship” means that the seller delivers when the goods are placed alongside the vessel (e.g., on a quay or a barge) nominated by the buyer at the named port of shipment. The risk of loss of or damage to the goods passes when the goods are alongside the ship, and the buyer bears all costs from that moment onwards. The parties are well advised to specify as clearly as possible the loading point at the named port of shipment, as the costs and risks to that point are for the account of the seller and these costs and associated handling charges may vary according to the practice of the port. The seller is required either to deliver the goods alongside the ship or to procure goods already so delivered for shipment. The reference to

“procure” here caters for multiple sales down a chain (‘string sales’), particularly common in the commodity trades.

Where the goods are in containers, it is typical for the seller to hand the goods over to the carrier at a terminal and not alongside the vessel. In such situations, the FAS rule would be inappropriate, and the FCA rule should be used. FAS requires the seller to clear the goods for export, where applicable. However, the seller has no obligation to clear the goods for import, pay any import duty or carry out any import customs formalities.

## A THE SELLER’ OBLIGATIONS

### A1 General obligations of the seller

The seller must provide the goods and the commercial invoice in conformity with the contract of sale and any other evidence of conformity that may be required by the contract.

Any document referred to in A1-A10 may be an equivalent electronic record or procedure if agreed between the parties or customary.

### A2 Licences, authorizations, security clearances and other formalities

Where applicable, the seller must obtain, at its own risk and expense, any export licence or other official authorization and carry out all customs formalities necessary for the export of the goods.

### A3 Contracts of carriage and insurance

#### a) Contract of carriage

The seller has no obligation to the buyer to make a contract of carriage. However, if requested by the buyer or if it is commercial practice and the buyer does not give an instruction to the contrary in due time, the seller may contract for carriage on usual terms at the buyer’s risk and expense. In either case, the seller may decline to make the contract of carriage and, if it does, shall promptly notify the buyer.

#### b) Contract of insurance

The seller has no obligation to the buyer to make a contract of insurance. However, the seller must provide the buyer, at the buyer's request, risk, and expense (if any), with information that the buyer needs for obtaining insurance.

#### A4 Delivery

The seller must deliver the goods either by placing them alongside the ship nominated by the buyer at the loading point, if any, indicated by the buyer at the named port of shipment or by procuring the goods so delivered. In either case, the seller must deliver the goods on the agreed date or within the agreed period and in the manner customary at the port.

If no specific loading point has been indicated by the buyer, the seller may select the point within the named port of shipment that best suits its purpose. If the parties have agreed that delivery should take place within a period, the buyer has the option to choose the date within that period.

## B THE BUYER' OBLIGATIONS

### B1 General obligations of the buyer

The buyer must pay the price of the goods as provided in the contract of sale.

Any document referred to in B1-B10 may be an equivalent electronic record or procedure if agreed between the parties or customary.

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### B2 Licences, authorizations, security clearances and other formalities

Where applicable, it is up to the buyer to obtain, at its own risk and expense, any import licence or other official authorization and carry out all customs formalities for the import of the goods and for their transport through any country.

### B3 Contracts of carriage and insurance

#### a) Contract of carriage

The buyer must contract, at its own expense for the carriage of the goods from the named port of shipment, except where the contract of carriage is made by the seller as provided for in A3 a).

#### b) Contract of insurance

The buyer has no obligation to the seller to make a contract of insurance.

### B4 Taking delivery

The buyer must take delivery of the goods when they have been delivered as envisaged in A4.

#### B5 Transfer of risks

The buyer bears all risks of loss of or damage to the goods from

#### A5 Transfer of risks

The seller bears all risks of loss of or damage to the goods until they have been delivered in accordance with A4 with the exception of loss or damage in the circumstances described in B5.

#### A6 Allocation of costs

The seller must pay

- a) all costs relating to the goods until they have been delivered in accordance with A4, other than those payable by the buyer as envisaged in B6; and
- b) where applicable, the costs of customs formalities necessary for export as well as all duties, taxes and other charges payable upon export.

#### A7 Notices to the buyer

The seller must, at the buyer's risk and expense, give the buyer sufficient notice either that the goods have been delivered in accordance with A4 or that the vessel has failed to take the goods within the time agreed. the time they have been delivered as envisaged in A4.

If

- a) the buyer fails to give notice in accordance with B7; or
- b) the vessel nominated by the buyer fails to arrive on time, or fails to take the goods or closes for cargo earlier than the time notified in accordance with B7; then the buyer bears all risks of loss of or damage to the goods from the agreed date or the expiry date of the agreed period for delivery, provided that the goods have been clearly identified as the contract goods.

#### B6 Allocation of costs

The buyer must pay

- a) all costs relating to the goods from the time they have been delivered as envisaged in A4, except, where applicable, the costs of customs formalities necessary for export as well as all duties, taxes, and other charges payable upon export as referred to in A6 b);
- b) any additional costs incurred, either because:
  - (i) the buyer has failed to give appropriate notice in accordance with B7, or
  - (ii) the vessel nominated by the buyer fails to arrive on time, is unable to take the goods, or closes for cargo earlier than the time notified in accordance with B7, provided that the goods have been clearly identified as the contract goods; and
- c) where applicable, all duties, taxes and other charges, as well as the costs of carrying out customs formalities payable upon import of the goods and the costs for their transport through any country.

#### B7 Notices to the seller

The buyer must give the seller sufficient notice of the vessel name, loading point and, where necessary, the selected delivery time within the agreed period.

#### A8 Delivery document

The seller must provide the buyer, at the seller's expense, with the usual proof that the goods have been delivered in accordance with A4.

Unless such proof is a transport document, the seller must provide assistance to the buyer, at the buyer's request, risk and expense, in obtaining a transport document.

#### A9 Checking –packaging –marking

The seller must pay the costs of those checking operations (such as checking quality, measuring, weighing, counting) that are necessary for the purpose of delivering the goods in accordance with A4, as well as the costs of any pre-shipment inspection mandated by the authority of the country of export.

The seller must, at its own expense, package the goods, unless it is usual for the particular trade to transport the type of goods sold unpackaged. The seller may package the goods in the manner appropriate for their transport, unless the buyer has notified the seller of specific packaging requirements before the contract of sale is concluded. Packaging is to be marked appropriately.

#### A10 Assistance with information and related costs

The seller must, where applicable, in a timely manner, provide to or render assistance in obtaining for the buyer, at the buyer's request, risk and expense, any documents and information, including security-related information, that the buyer needs for the import of the goods and/or for their transport to the final destination.

The seller must reimburse the buyer for all costs and charges incurred by the buyer in providing or rendering assistance in obtaining documents and information as envisaged in B10.

#### B8 Proof of delivery

The buyer must accept the proof of delivery provided as envisaged in A8.

#### B9 Inspection of goods

The buyer must pay the costs of any mandatory pre-shipment inspection, except when such inspection is mandated by the authorities of the country of export.

#### B10 Assistance with information and related costs

The buyer must, in a timely manner, advise the seller of any security information requirements so that the seller may comply with A10.

The buyer must reimburse the seller for all costs and charges incurred by the seller in providing or rendering assistance in obtaining documents and information as envisaged in A10.

The buyer must, where applicable, in a timely manner, provide to or render assistance in obtaining for the seller, at the seller's request, risk and expense, any documents and information, including security-related information, that the seller needs for the transport and export of the goods and for their transport through any country.

# FOB

## FREE ON BOARD

### FOB (insert named port of shipment) Incoterms 2010

#### GUIDANCE NOTE

This rule is to be used only for sea or inland waterway transport.

“Free on Board” means that the seller delivers the goods on board the vessel nominated by the buyer at the named port of shipment or procures the goods already so delivered. The risk of loss of or damage to the goods passes when the goods are on board the vessel, and the buyer bears all costs from that moment onwards.

The seller is required either to deliver the goods on board the vessel or to procure goods already so delivered for shipment. The reference to “procure” here caters for multiple sales down a chain (‘string sales’), particularly common in the commodity trades.

FOB may not be appropriate where goods are handed over to the carrier before they are on board the vessel, for example goods in containers, which are typically delivered at a terminal. In such situations, the FCA rule should be used.

FOB requires the seller to clear the goods for export, where applicable. However, the seller has no obligation to clear the goods for import, pay any import duty or carry out any import customs formalities.

#### A THE SELLER' OBLIGATIONS

#### A1 General obligations of the seller

The seller must provide the goods and the commercial invoice in conformity with the contract of sale and any other evidence of conformity that may be required by the contract.

Any document referred to in A1-A10 may be an equivalent electronic record or procedure if agreed between the parties or customary.

#### A2 Licences, authorizations, security clearances and other formalities

Where applicable, the seller must obtain, at its own risk and expense, any export licence or other official authorization and carry out all customs formalities necessary for the export of the goods.

#### A3 Contracts of carriage and insurance

##### a) Contract of carriage

The seller has no obligation to the buyer to make a contract of carriage. However, if requested by the buyer or if it is commercial practice and the buyer does not give an instruction to the contrary in due time, the seller may contract for carriage on usual terms at the buyer's risk and expense. In either case, the seller may decline to make the contract of carriage and, if it does, shall promptly notify the buyer.

##### b) Contract of insurance

The seller has no obligation to the buyer to make a contract of insurance. However, the seller must provide the buyer, at the buyer's request, risk, and expense (if any), with information that the buyer needs for obtaining insurance.

#### A4 Delivery

The seller must deliver the goods either by placing them on board the vessel nominated by the buyer at the loading point, if any, indicated by the buyer at the named port of shipment or by procuring the goods so delivered. In either case, the seller must deliver the goods on the agreed date or within the agreed period and in the manner customary at the port.

If no specific loading point has been indicated by the buyer, the seller may select the point within the named port of shipment that best suits its purpose.

## B THE BUYER' OBLIGATIONS

#### B1 General obligations of the buyer

The buyer must pay the price of the goods as provided in the contract of sale.

Any document referred to in B1-B10 may be an equivalent electronic record or procedure if agreed between the parties or customary.

#### B2 Licences, authorizations, security clearances and other formalities

Where applicable, it is up to the buyer to obtain, at its own risk and expense, any import licence or other official authorization and carry out all customs formalities for the import of the goods and for their transport through any country.

#### B3 Contracts of carriage and insurance

##### a) Contract of carriage

The buyer must contract, at its own expense for the carriage of the goods from the named port of shipment, except where the contract of carriage is made by the seller as provided for in A3 a).

##### b) Contract of insurance

The buyer has no obligation to the seller to make a contract of insurance.

#### B4 Taking delivery

The buyer must take delivery of the goods when they have been delivered as envisaged in A4.

#### A5 Transfer of risks

The seller bears all risks of loss of or damage to the goods until they have been delivered in accordance with A4 with the exception of loss or damage in the circumstances described in B5.

#### A6 Allocation of costs

The seller must pay

a) all costs relating to the goods until they have been delivered in accordance with A4, other than those payable by the buyer as envisaged in B6; and

b) where applicable, the costs of customs formalities necessary for export, as well as all duties, taxes and other charges payable upon export.

#### B5 Transfer of risks

The buyer bears all risks of loss of or damage to the goods from the time they have been delivered as envisaged in A4.

If

a) the buyer fails to notify the nomination of a vessel in accordance with B7; or

b) the vessel nominated by the buyer fails to arrive on time to enable the seller to comply with A4, is unable to take the goods, or closes for cargo earlier than the time notified in accordance

with B7; then, the buyer bears all risks of loss of or damage to the goods:

- (i) from the agreed date, or in the absence of an agreed date,
- (ii) from the date notified by the seller under A7 within the agreed period, or, if no such date has been notified,
- (iii) from the expiry date of any agreed period for delivery, provided that the goods have been clearly identified as the contract goods.

#### B6 Allocation of costs

The buyer must pay

- a) all costs relating to the goods from the time they have been delivered as envisaged in A4, except, where applicable, the costs of customs formalities necessary for export, as well as all duties, taxes and other charges payable upon export as referred to in A6 b);
- b) any additional costs incurred, either because:
  - (i) the buyer has failed to give appropriate notice in accordance with B7, or
  - (ii) the vessel nominated by the buyer fails to arrive on time, is unable to take the goods, or closes for cargo earlier than the time notified in accordance with B7, provided that the goods have been clearly identified as the contract goods; and
- c) where applicable, all duties, taxes and other charges, as well as the costs of carrying out customs formalities payable upon import of the goods and the costs for their transport through any country.

#### A7 Notices to the buyer

The seller must, at the buyer's risk and expense, give the buyer sufficient notice either that the goods have been delivered in accordance with A4 or that the vessel has failed to take the goods within the time agreed.

#### A8 Delivery document

The seller must provide the buyer, at the seller's expense, with the usual proof that the goods have been delivered in accordance with A4.

Unless such proof is a transport document, the seller must provide assistance to the buyer, at the buyer's request, risk and expense, in obtaining a transport document.

#### A9 Checking –packaging –marking

The seller must pay the costs of those checking operations (such as checking quality, measuring, weighing, counting) that are necessary for the purpose of delivering the goods in accordance with A4, as well as the costs of any pre-shipment inspection mandated by the authority of the country of export. The seller must, at its own expense, package the goods, unless it

is usual for the particular trade to transport the type of goods sold unpackaged. The seller may package the goods in the manner appropriate for their transport, unless the buyer has notified the seller of specific packaging requirements before the contract of sale is concluded. Packaging is to be marked appropriately.

#### A10 Assistance with information and related costs

The seller must, where applicable, in a timely manner, provide to or render assistance in obtaining for the buyer, at the buyer's request, risk and expense, any documents and information, including security-related information, that the buyer needs for the import of the goods and/or for their transport to the final destination.

The seller must reimburse the buyer for all costs and charges incurred by the buyer in providing or rendering assistance in obtaining documents and information as envisaged in B10.

#### B7 Notices to the seller

The buyer must give the seller sufficient notice of the vessel name, loading point and, where necessary, the selected delivery time within the agreed period.

#### B8 Proof of delivery

The buyer must accept the proof of delivery provided as envisaged in A8.

#### B9 Inspection of goods

The buyer must pay the costs of any mandatory pre-shipment inspection, except when such inspection is mandated by the authorities of the country of export.

#### B10 Assistance with information and related costs

The buyer must, in a timely manner, advise the seller of any security information requirements so that the seller may comply with A10.

The buyer must reimburse the seller for all costs and charges incurred by the seller in providing or rendering assistance in obtaining documents and information as envisaged in A10.

The buyer must, where applicable, in a timely manner, provide to or render assistance in obtaining for the seller, at the seller's request, risk and expense, any documents and information, including security-related information, that the seller needs for the transport and export of the goods and for their transport through any country.

# COST AND FREIGHT

## CFR (insert named port of destination) Incoterms 2010

### GUIDANCE NOTE

This rule is to be used only for sea or inland waterway transport. “Cost and Freight” means that the seller delivers the goods on board the vessel or procures the goods already so delivered. The risk of loss of or damage to the goods passes when the goods are on board the vessel.

The seller must contract for and pay the costs and freight necessary to bring the goods to the named port of destination. When CPT, CIP, CFR or CIF are used, the seller fulfils its obligation to deliver when it hands the goods over to the carrier in the manner specified in the chosen rule and not when the goods reach the place of destination.

This rule has two critical points, because risk passes and costs are transferred at different places. While the contract will always specify a destination port, it might not specify the port of shipment, which is where risk passes to the buyer. If the shipment port is of particular interest to the buyer, the parties are well advised to identify it as precisely as possible in the contract.

The parties are well advised to identify as precisely as possible the point at the agreed port of destination, as the costs to that point are for the account of the seller. The seller is advised to procure contracts of carriage that match this choice precisely. If the seller incurs costs under its contract of carriage related to unloading at the specified point at the port of destination, the seller is not entitled to recover such costs from the buyer unless otherwise agreed between the parties.

The seller is required either to deliver the goods on board the vessel or to procure goods already so delivered for shipment to the destination.

In addition, the seller is required either to make a contract of carriage or to procure such a contract. The reference to “procure” here caters for multiple sales down a chain (‘string sales’), particularly common in the commodity trades.

CFR may not be appropriate where goods are handed over to the carrier before they are on board the vessel, for example goods in containers, which are typically delivered at a terminal. In such circumstances, the CPT rule should be used.

CFR requires the seller to clear the goods for export, where applicable. However, the seller has no obligation to clear the goods for import, pay any import duty or carry out any import customs formalities.

### A THE SELLER’ OBLIGATIONS

#### A1 General obligations of the seller

The seller must provide the goods and the commercial invoice in conformity with the contract of sale and any other evidence of conformity that may be required by the contract.

Any document referred to in A1-A10 may be an equivalent electronic record or procedure if agreed between the parties or customary.

#### A2 Licences, authorizations, security clearances and other formalities

Where applicable, the seller must obtain, at its own risk and expense, any export licence or other official authorization and carry out all customs formalities necessary for the export of the goods.

#### A3 Contracts of carriage and insurance

##### a) Contract of carriage

The seller must contract or procure a contract for the carriage of the goods from the agreed point of delivery, if any, at the place of delivery to the named port of destination or, if agreed, any point at that port. The contract of carriage must be made on usual terms at the seller's expense and provide for carriage by the usual route in a vessel of the type normally used for the transport of the type of goods sold.

##### b) Contract of insurance

The seller has no obligation to the buyer to make a contract of insurance. However, the seller must provide the buyer, at the buyer's request, risk, and expense (if any), with information that the buyer needs for obtaining insurance.

#### A4 Delivery

The seller must deliver the goods either by placing them on board the vessel or by procuring the goods so delivered. In either case, the seller must deliver the goods on the agreed date or within the agreed period and in the manner customary at the port.

## **B THE BUYER' OBLIGATIONS**

#### B1 General obligations of the buyer

The buyer must pay the price of the goods as provided in the contract of sale.

Any document referred to in B1-B10 may be an equivalent electronic record or procedure if agreed between the parties or customary.

#### B2 Licences, authorizations, security clearances and other formalities

Where applicable, it is up to the buyer to obtain, at its own risk and expense, any import licence or other official authorization and carry out all customs formalities for the import of the goods and for their transport through any country.

#### B3 Contracts of carriage and insurance

##### a) Contract of carriage

The buyer has no obligation to the seller to make a contract of carriage.

##### b) Contract of insurance

The buyer has no obligation to the seller to make a contract of insurance. However, the buyer must provide the seller, upon request, with the necessary information for obtaining insurance.

#### B4 Taking delivery

The buyer must take delivery of the goods when they have been delivered as envisaged in A4 and receive them from the carrier at the named port of destination.

#### A5 Transfer of risks

The seller bears all risks of loss of or damage to the goods until they have been delivered in accordance with A4, with the exception of loss or damage in the circumstances described in B5.

#### A6 Allocation of costs

The seller must pay

- a) all costs relating to the goods until they have been delivered in accordance with A4, other than those payable by the buyer as envisaged in B6;
- b) the freight and all other costs resulting from A3 a), including the costs of loading the goods on board and any charges for unloading at the agreed port of discharge that were for the seller's account under the contract of carriage; and
- c) where applicable, the costs of customs formalities necessary for export as well as all duties, taxes and other charges payable upon export, and the costs for their transport through any country that were for the seller's account under the contract of carriage.

#### A7 Notices to the buyer

The seller must give the buyer any notice needed in order to allow the buyer to take measures that are normally necessary to enable the buyer to take the goods.

#### B5 Transfer of risks

The buyer bears all risks of loss of or damage to the goods from the time they have been delivered as envisaged in A4. If the buyer fails to give notice in accordance with B7, then it bears all risks of loss of or damage to the goods from the agreed date or the expiry date of the agreed period for shipment, provided that the goods have been clearly identified as the contract goods.

#### B6 Allocation of costs

The buyer must, subject to the provisions of A3 a), pay

- a) all costs relating to the goods from the time they have been delivered as envisaged in A4, except, where applicable, the costs of customs formalities necessary for export as well as all duties, taxes, and other charges payable upon export as referred to in A6 c);
- b) all costs and charges relating to the goods while in transit until their arrival at the port of destination, unless such costs and charges were for the seller's account under the contract of carriage;
- c) unloading costs including lighterage and wharfage charges, unless such costs and charges were for the seller's account under the contract of carriage;
- d) any additional costs incurred if it fails to give notice in accordance with B7, from the agreed date or the expiry date of the agreed period for shipment, provided that the goods have been clearly identified as the contract goods; and
- e) where applicable, all duties, taxes and other charges, as well as the costs of carrying out customs formalities payable upon import of the goods and the costs for their transport through any country unless included within the cost of the contract of carriage.

#### B7 Notices to the seller

The buyer must, whenever it is entitled to determine the time for shipping the goods and/or the point of receiving the goods within the named port of destination, give the seller sufficient notice thereof.

#### A8 Delivery document

The seller must, at its own expense, provide the buyer without delay with the usual transport document for the agreed port of destination.

This transport document must cover the contract goods, be dated within the period agreed for shipment, enable the buyer to claim the goods from the carrier at the port of destination and, unless otherwise

agreed, enable the buyer to sell the goods in transit by the transfer of the document to a subsequent buyer or by notification to the carrier.

When such a transport document is issued in negotiable form and in several originals, a full set of originals must be presented to the buyer.

#### A9 Checking –packaging –marking

The seller must pay the costs of those checking operations (such as checking quality, measuring, weighing, counting) that are necessary for the purpose of delivering the goods in accordance with

A4, as well as the costs of any pre-shipment inspection mandated by the authority of the country of export.

The seller must, at its own expense, package the goods, unless it is usual for the particular trade to transport the type of goods sold unpackaged. The seller may package the goods in the manner appropriate for their transport, unless the buyer has notified the seller of specific packaging requirements before the contract of sale is concluded. Packaging is to be marked appropriately.

#### A10 Assistance with information and related costs

The seller must, where applicable, in a timely manner, provide to or render assistance in obtaining for the buyer, at the buyer's request, risk and expense, any documents and information, including security-related information, that the buyer needs for the import of the goods and/or for their transport to the final destination.

The seller must reimburse the buyer for all costs and charges incurred by the buyer in providing or rendering assistance in obtaining documents and information as envisaged in B10.

#### B8 Proof of delivery

The buyer must accept the transport document provided as envisaged in A8 if it is in conformity with the contract.

#### B9 Inspection of goods

The buyer must pay the costs of any mandatory pre-shipment inspection, except when such inspection is mandated by the authorities of the country of export.

#### B10 Assistance with information and related costs

The buyer must, in a timely manner, advise the seller of any security information requirements so that the seller may comply with A10.

The buyer must reimburse the seller for all costs and charges incurred by the seller in providing or rendering assistance in obtaining documents and information as envisaged in A10.

The buyer must, where applicable, in a timely manner, provide to or render assistance in obtaining for the seller, at the seller's request, risk and expense, any documents and information, including security-related information, that the seller needs for the transport and export of the goods and for their transport through any country.

## **COST INSURANCE AND FREIGHT**

### **CIF (insert named port of destination) Incoterms 2010**

#### **GUIDANCE NOTE**

This rule is to be used only for sea or inland waterway transport.

“Cost, Insurance and Freight” means that the seller delivers the goods on board the vessel or procures the goods already so delivered. The risk of loss of or damage to the goods passes when the goods are on board the vessel. The seller must contract for and pay the costs and freight necessary to bring the goods to the named port of destination.

The seller also contracts for insurance cover against the buyer's risk of loss of or damage to the goods during the carriage. The buyer should note that under CIF the seller is required to obtain insurance only on minimum cover. Should the buyer wish to have more insurance protection, it will need either to agree as much expressly with the seller or to make its own extra insurance arrangements.

When CPT, CIP, CFR, or CIF are used, the seller fulfils its obligation to deliver when it hands the goods over to the carrier in the manner specified in the chosen rule and not when the goods reach the place of destination.

This rule has two critical points, because risk passes and costs are transferred at different places. While the contract will always specify a destination port, it might not specify the port of shipment, which is where risk passes to the buyer. If the shipment port is of particular interest to the buyer, the parties are well advised to identify it as precisely as possible in the contract.

The parties are well advised to identify as precisely as possible the point at the agreed port of destination, as the costs to that point are for the account of the seller. The seller is advised to procure contracts of carriage that match this choice precisely. If the seller incurs costs under its contract of carriage related to unloading at the specified point at the port of destination, the seller is not entitled to recover such costs from the buyer unless otherwise agreed between the parties.

The seller is required either to deliver the goods on board the vessel or to procure goods already so delivered for shipment to the destination. In addition the seller is required either to make a contract of carriage or to procure such a contract. The reference to “procure” here caters for multiple sales down a chain (‘string sales’), particularly common in the commodity trades.

CIF may not be appropriate where goods are handed over to the carrier before they are on board the vessel, for example goods in containers, which are typically delivered at a terminal. In such circumstances, the CIP rule should be used. CIF requires the seller to clear the goods for export, where applicable. However, the seller has no obligation to clear the goods for import, pay any import duty or carry out any import customs formalities.

## A THE SELLER' OBLIGATIONS

### A1 General obligations of the seller

The seller must provide the goods and the commercial invoice in conformity with the contract of sale and any other evidence of conformity that may be required by the contract.

Any document referred to in A1-A10 may be an equivalent electronic record or procedure if agreed between the parties or customary.

### A2 Licences, authorizations, security clearances and other formalities

Where applicable, the seller must obtain, at its own risk and expense, any export licence or other official authorization and carry out all customs formalities necessary for the export of the goods.

## B THE BUYER' OBLIGATIONS

### B1 General obligations of the buyer

The buyer must pay the price of the goods as provided in the contract of sale.

Any document referred to in B1-B10 may be an equivalent electronic record or procedure if agreed between the parties or customary.

### B2 Licences, authorizations, security clearances and formalities

Where applicable, it is up to the buyer to obtain, at its own risk and expense, any import licence or other official authorization and carry out all customs formalities for the import of the goods and for their transport through any country.

### A3 Contracts of carriage and insurance

#### a) Contract of carriage

The seller must contract or procure a contract for the carriage of the goods from the agreed point of delivery, if any, at the place of delivery to the named port of destination or, if agreed, any point at that port.

The contract of carriage must be made on usual

terms at the seller's expense and provide for carriage by the usual route in a vessel of the type normally used for the transport of the type of goods sold.

b) Contract of insurance

The seller must obtain, at its own expense, cargo insurance complying at least with the minimum cover provided by Clauses

(C) of the Institute Cargo Clauses (LMA/IUA) or any similar clauses. The insurance shall be contracted with underwriters or an insurance company of good repute and entitle the buyer, or any other person having an insurable interest in the goods, to claim directly from the insurer.

When required by the buyer, the seller shall, subject to the buyer providing any necessary information requested by the seller, provide at the buyer's expense any additional cover, if procurable, such as cover as provided by Clauses (A) or (B) of the

Institute Cargo Clauses (LMA/IUA) or any similar clauses and/or cover complying with the Institute War Clauses and/or Institute Strikes Clauses (LMA/IUA) or any similar clauses.

The insurance shall cover, at a minimum, the price provided in the contract plus 10% (i.e., 110%) and shall be in the currency of the contract.

The insurance shall cover the goods from the point of delivery set out in A4 and A5 to at least the named port of destination. The seller must provide the buyer with the insurance policy or other evidence of insurance cover. Moreover, the seller must provide the buyer, at the buyer's request, risk, and expense (if any), with information that the buyer needs to procure any additional insurance.

A4 Delivery

The seller must deliver the goods either by placing them on board the vessel or by procuring the goods so delivered. In either case, the seller must deliver the goods on the agreed date or within the agreed period and in the manner customary at the port.

B3 Contracts of carriage and insurance

a) Contract of carriage

The buyer has no obligation to the seller to make a contract of carriage.

b) Contract of insurance

The buyer has no obligation to the seller to make a contract of insurance. However, the buyer must provide the seller, upon request, with any information necessary for the seller to procure any additional insurance requested by the buyer as envisaged in A3 b).

B4 Taking delivery

The buyer must take delivery of the goods when they have been delivered as envisaged in A4 and receive them from the carrier at the named port of destination.

#### A5 Transfer of risks

The seller bears all risks of loss of or damage to the goods until they have been delivered in accordance with A4, with the exception of loss or damage in the circumstances described in

B5.

#### A6 Allocation of costs

The seller must pay

- a) all costs relating to the goods until they have been delivered in accordance with A4, other than those payable by the buyer as envisaged in B6;
- b) the freight and all other costs resulting from A3 a), including the costs of loading the goods on board and any charges for unloading at the agreed port of discharge that were for the seller's account under the contract of carriage;
- c) the costs of insurance resulting from A3 b); and
- d) where applicable, the costs of customs formalities necessary for export, as well as all duties, taxes and other charges payable upon export, and the costs for their transport through any country that were for the seller's account under the contract of carriage.

#### B5 Transfer of risks

The buyer bears all risks of loss of or damage to the goods from the time they have been delivered as envisaged in A4.

If the buyer fails to give notice in accordance with B7, then it bears all risks of loss of or damage to the goods from the agreed date or the expiry date of the agreed period for shipment, provided that the goods have been clearly identified as the contract goods.

#### B6 Allocation of costs

The buyer must, subject to the provisions of A3 a), pay

- a) all costs relating to the goods from the time they have been delivered as envisaged in A4, except, where applicable, the costs of customs formalities necessary for export, as well as all duties, taxes and other charges payable upon export as referred to in A6 d);
- b) all costs and charges relating to the goods while in transit until their arrival at the port of destination, unless such costs and charges were for the seller's account under the contract of carriage;

- c) unloading costs including lighterage and wharfage charges, unless such costs and charges were for the seller's account under the contract of carriage;
- d) any additional costs incurred if it fails to give notice in accordance with B7, from the agreed date or the expiry date of the agreed period for shipment, provided that the goods have been clearly identified as the contract goods;
- e) where applicable, all duties, taxes and other charges, as well as the costs of carrying out customs formalities payable upon import of the goods and the costs for their transport through any country, unless included within the cost of the contract of carriage; and
- f) the costs of any additional insurance procured at the buyer's request under A3 b) and B3 b).

#### A7 Notices to the buyer

The seller must give the buyer any notice needed in order to allow the buyer to take measures that are normally necessary to enable the buyer to take the goods.

#### A8 Delivery document

The seller must, at its own expense provide the buyer without delay with the usual transport document for the agreed port of destination.

This transport document must cover the contract goods, be dated within the period agreed for shipment, enable the buyer to claim the goods from the carrier at the port of destination and, unless otherwise agreed, enable the buyer to sell the goods in transit by the transfer of the document to a subsequent buyer or by notification to the carrier.

When such a transport document is issued in negotiable form and in several originals, a full set of originals must be presented to the buyer.

#### A9 Checking –packaging –marking

The seller must pay the costs of those checking operations (such as checking quality, measuring, weighing, counting) that are necessary for the purpose of delivering the goods in accordance with A4, as well as the costs of any pre-shipment inspection mandated by the authority of the country of export.

The seller must, at its own expense, package the goods, unless it is usual for the particular trade to transport the type of goods sold unpackaged. The seller may package the goods in the manner appropriate for their transport, unless the buyer has notified the seller of specific packaging requirements before the contract of sale is concluded. Packaging is to be marked appropriately.

#### B7 Notices to the seller

The buyer must, whenever it is entitled to determine the time for shipping the goods and/or the point of receiving the goods within the named port of destination, give the seller sufficient notice thereof.

#### B8 Proof of delivery

The buyer must accept the transport document provided as envisaged in A8 if it is in conformity with the contract.

#### B9 Inspection of goods

The buyer must pay the costs of any mandatory pre-shipment inspection, except when such inspection is mandated by the authorities of the country of export.

#### A10 Assistance with information and related costs

The seller must, where applicable, in a timely manner, provide to or render assistance in obtaining for the buyer, at the buyer's request, risk and expense, any documents and information, including security-related information, that the buyer needs for the import of the goods and/or for their transport to the final destination.

The seller must reimburse the buyer for all costs and charges incurred by the buyer in providing or rendering assistance in obtaining documents and information as envisaged in B10.

#### B10 Assistance with information and related costs

The buyer must, in a timely manner, advise the seller of any security information requirements so that the seller may comply with A10.

The buyer must reimburse the seller for all costs and charges incurred by the seller in providing or rendering assistance in obtaining documents and information as envisaged in A10.

The buyer must, where applicable, in a timely manner, provide to or render assistance in obtaining for the seller, at the seller's request, risk and expense, any documents and information, including security-related information, that the seller needs for the transport and export of the goods and for their transport through any country.