

Following reflects some of the basic items of the common and primary "Terms of Sale" to International shipments. All items are issued "AS IS". These are subject to change, based on actual declarations to terms of sale between buyer & seller.

**"EXW" Ex Works** (named place)

1. Consignee is paying charges (collect basis) to all items
2. Origin documentation & inland – may/may not, be responsible to buyer/consignee.
3. Any mode of transport; seller makes goods available to buyer at seller's premises or other locations, not cleared for export and not loaded on a vehicle. The buyer bears all risks and cost involved in taking the goods from the seller's premises and thereafter.

**"FOB" Free On Board** (named port of destination)

1. Seller is paying charges (prepaid basis) to either of: Port of Unloading and/or Port of Discharge
2. Maritime and inland waterway only;
3. Seller delivers when the goods pass the ship's rail, or airport, at the named port;
4. Seller clears the goods for export

**"CIP" Carriage and Insurance Paid To** (named place of destination)

1. Seller is paying charges (prepaid basis) to the named destination
2. Any mode of transport;
3. Seller delivers the goods to a carrier it nominates;
4. But also pays the cost for bringing the goods to the named destination;
5. The seller also obtains insurance against the buyer's risk of loss or damage during carriage and clears the goods for export

**"FCA" Free Carrier** (named place)

1. Charges are varied between "Seller and Buyer" to named place as issued in documents. Multiple applications are/do come into considerations.
2. Any mode of transportation;
3. Seller delivers goods, cleared for export;
4. To the carrier "Named by the Buyer" at the specified place;
5. If delivery occurs at the seller's premises, the seller is responsible for loading;
6. If delivery occurs elsewhere, the seller must load the conveyance, but is not responsible for unloading

**"DDU" Delivered Duty Unpaid** (named place of destination)

1. Any mode of transport;
2. Seller delivers the goods to the buyer;
3. Not cleared for import;
4. Not unloaded from the arriving means of transport at the named destination;
5. But, the buyer is responsible for all import clearance formalities and costs.

**"DDP" Delivered Duty Paid** (named place of destination)

1. Any mode of transport;
2. Seller delivers goods to the buyer;
3. Cleared for import (including import license, duties and taxes);
4. But not unloaded from the means of transport.

**"CPT" Carriage Paid To** (named place of destination)

1. Any mode of transport;
2. Seller delivers goods to carrier it nominates;
3. Seller pays costs of bringing goods to the named destination;
4. Seller also clears the goods for export

By the changes of INCOTERMS 1990 VS: 2000, there have been reversal of some responsibilities. Discussions between Shipper/Seller and Consignee/Buyer should be agreed upon for their respective responsibility of costs of their proposed selling terms.

**FAS - DEQ**

Changes in these two terms represents reversal /clarifications of some responsibilities to both buyer and seller

**FCA – FSA – CPT – CIP**

Changes represent the reversal/clarification of loading, unloading, export & import customs formalities, duty, etc. of both buyer & seller

Following are some general items that reflect varied selling terms and handling issues. These are a **"brush stroke only"** to items and do not include all the specifics of individual: Incoterms, Selling Terms and Documents Specifics

**"BUYERS RIGHT TO ROUTE"**

- When a seller does not pay for freight charges, the purchaser has the right to designate the route for shipment; seller is responsible for following the buyer instructions. Complete routing is permitted for rail shipments, but only first carrier in motor shipments.

**"C&F" Carriage & Freight      "CIF" Carriage, Insurance & Freight      "FOB" Free On Board**

- With a majority of destinations – and now inclusive with many USA imports – these amounts must be denoted on;
  - ◆ all commercial invoices as separate line items, and;
  - ◆ become part of the total Customs commercial value, and;
  - ◆ are part of the taxable amount by Customs at destination to consignee

**"FOB" WHERE?**

- This is an area that reflects one of the greatest mistakes and ultimate disagreements of terms and payments
  - ◆ FOB Destination freight cost paid to point of destination title transfers at destination
  - ◆ FOB Factory title to goods and transportation responsibility transfers from seller to factory
  - ◆ FOB Vessel title / transportation costs transfer after goods are delivered on vessel, all export taxes/costs involved in overseas shipments are assessed to consignee/buyer

**INSURANCE / MARINE ALL RISK / OWNERS RISK**

- These applications have remained quite constant – exception with/from 11, SEPTEMBER may reflect changes, based on actual selling terms.
  - ◆ **Insurance:** in itself, request does not specify what type and requirements
  - ◆ **Marine All Risk:** based on term of sale, transport and destination country, will reflect coverage
  - ◆ **Owners Risk:** when owner of goods remains responsible during shipping, relieving carrier to part of risk
  - ◆ **Terrorism, Institute Strikes Clause, Institute War Clause:** reflects many application changes as to insurance carriers as to what policies they will issue and coverage.
- Letter of Credit will probably reflect some of the greatest disparities – as most buyer/seller are still under common place terms of: insurance @ 110 percent of value – not taking into consideration of incoterm and insurance changes since 9.11.01

**NUMBERING, MARKINGS, GROSS & NET WEIGHTS, WOOD RESTRICTIONS**

- More destination countries and including USA on imports are affecting additional markings and restrictions. Lack of these being advised between Shipper/Seller and Buyer/Consignee, could reflect delays at either of origin or destination.
  - ◆ Specific numberings to multiple pieces in a shipment – relevant if one (1) ULD (pallet) is used as overpak of multiple individual cartons.
  - ◆ In varied instances to specific destination Country Customs Imports, "marks" (serial numbers, etc.) must be on outside of each piece
  - ◆ Gross & net weights of each piece(s), must be so noted to all piece(s). On varied countries, duties to the goods may be assessed on weight, rather than values.
- Exports from USA to destination countries -- wood restrictions are applicable to required/restricted use type, handling and documents are in place for the following of;
  - ◆ Australia
  - ◆ China
  - ◆ European Union (EU)
- Commodity – exact & complete --- no generic descriptions
  - ◆ These must be full and complete in accordance with goods being transported.
  - ◆ These are being checked on a more frequent basis by export & import customs