VIP CARGO SERVICES
Your Promise, Delivered.



INCOTERMS® 2020 · THE CLIENT GUIDE

EVERY TERM, EXPLAINED SIMPLY.

Who pays, who carries the risk, and when to use each of the 11 rules. One page per term.

EXW FCA CPT CIP DAP DPU DDP FAS FOB CFR CIF

INCOTERMS IN 60 SECONDS.

Incoterms® are 11 three-letter trade terms published by the International Chamber of Commerce. In a sale of goods, each one answers three questions.

1

COST

Who pays for each leg: trucking, freight, customs, unloading.

2

RISK

The exact point where loss or damage becomes the buyer's problem.

3

TASKS

Who books the carrier, who clears customs, who insures.

THE FOUR FAMILIES

E	**EXW**	The seller does the least. The buyer collects.
F	**FCA · FAS · FOB**	The buyer arranges and pays the main freight.
C	**CPT · CIP · CFR · CIF**	The seller pays the main freight, but the risk passes at origin.
D	**DAP · DPU · DDP**	The seller delivers at destination and carries the risk until then.

WHAT THEY DO NOT DECIDE

- The price and how it is paid
- When ownership passes
- What happens if the contract is broken

Those belong in your sales contract.

HOW TO WRITE ONE

RULE **FCA** + NAMED PLACE, AS EXACT AS YOU CAN **Port Newark Container Terminal, NJ** + VERSION **Incoterms® 2020**

A quick guide to the Incoterms® 2020 rules, not the official ICC text.

ALL 11 AT A GLANCE.

Find your term, then read across. Each term has its own page after this one.

S Seller pays
B Buyer pays
◐ Seller, to the named place
— Nobody has to insure

ANY MODE OF TRANSPORT

Use these for containers and air freight

		Loading at origin	Export clearance	To port or terminal	Loading on board	Main freight	Final delivery	Unloading	Import duty + taxes	Insurance	WHERE THE RISK PASSES TO THE BUYER
EXW	Ex Works	B	B	B	B	B	B	B	B	—	At the pickup point, before loading
FCA	Free Carrier	S	S	◐	B	B	B	B	B	—	When handed to the buyer's carrier
CPT	Carriage Paid To	S	S	S	S	S	◐	B	B	—	When handed to the first carrier
CIP	Carriage & Insurance Paid To	S	S	S	S	S	◐	B	B	S	When handed to the first carrier
DAP	Delivered at Place	S	S	S	S	S	S	B	B	—	At destination, ready for unloading
DPU	Delivered at Place Unloaded	S	S	S	S	S	S	S	B	—	At destination, once unloaded
DDP	Delivered Duty Paid	S	S	S	S	S	S	B	S	—	At destination, ready for unloading

SEA AND INLAND WATERWAY ONLY

Port to port, cargo placed alongside or on board the vessel

		Loading at origin	Export clearance	To port or terminal	Loading on board	Main freight	Final delivery	Unloading	Import duty + taxes	Insurance	WHERE THE RISK PASSES TO THE BUYER
FAS	Free Alongside Ship	S	S	S	B	B	B	B	B	—	Alongside the vessel at the origin port
FOB	Free On Board	S	S	S	S	B	B	B	B	—	On board the vessel at the origin port
CFR	Cost & Freight	S	S	S	S	S	B	B	B	—	On board the vessel at the origin port
CIF	Cost, Insurance & Freight	S	S	S	S	S	B	B	B	S	On board the vessel at the origin port

HOW THE NEXT PAGES WORK

1. The first bar shows how far the seller pays.
2. The second bar shows where the risk passes.
3. Then: who does what, when to use it, what to watch.

A quick guide to the Incoterms® 2020 rules, not the official ICC text.

EXW

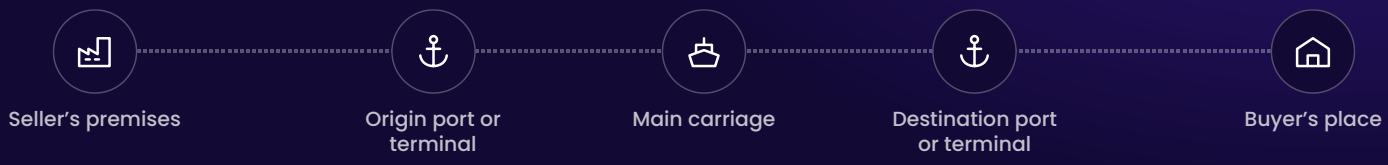
EX WORKS

+ NAMED PLACE OF DELIVERY

The seller makes the goods available for collection, usually at its own premises. From there everything is the buyer's job, including loading and export clearance.

THE JOURNEY

Seller Buyer



WHO PAYS

BUYER

Seller pays up to here: goods ready, not loaded

WHO CARRIES THE RISK

BUYER

Risk passes here: at the pickup point, before loading

Export clearance	Buyer	Import duty and taxes	Buyer	Insurance	Nobody has to

S THE SELLER

- Packs the goods and has them ready at the named place
- Tells the buyer when and where to collect
- Helps with export paperwork if asked, at the buyer's cost

B THE BUYER

- Loads the goods onto the collecting truck
- Clears the goods for export
- Arranges and pays for all transport
- Clears the goods for import and pays duty and taxes

BEST FOR

Domestic sales, where the goods are not being exported.

WATCH OUT

A buyer abroad may struggle to clear the goods for export. The seller does not have to load; if it helps, agree first who carries that risk. For exports, FCA is usually the better fit.

WRITE IT LIKE THIS

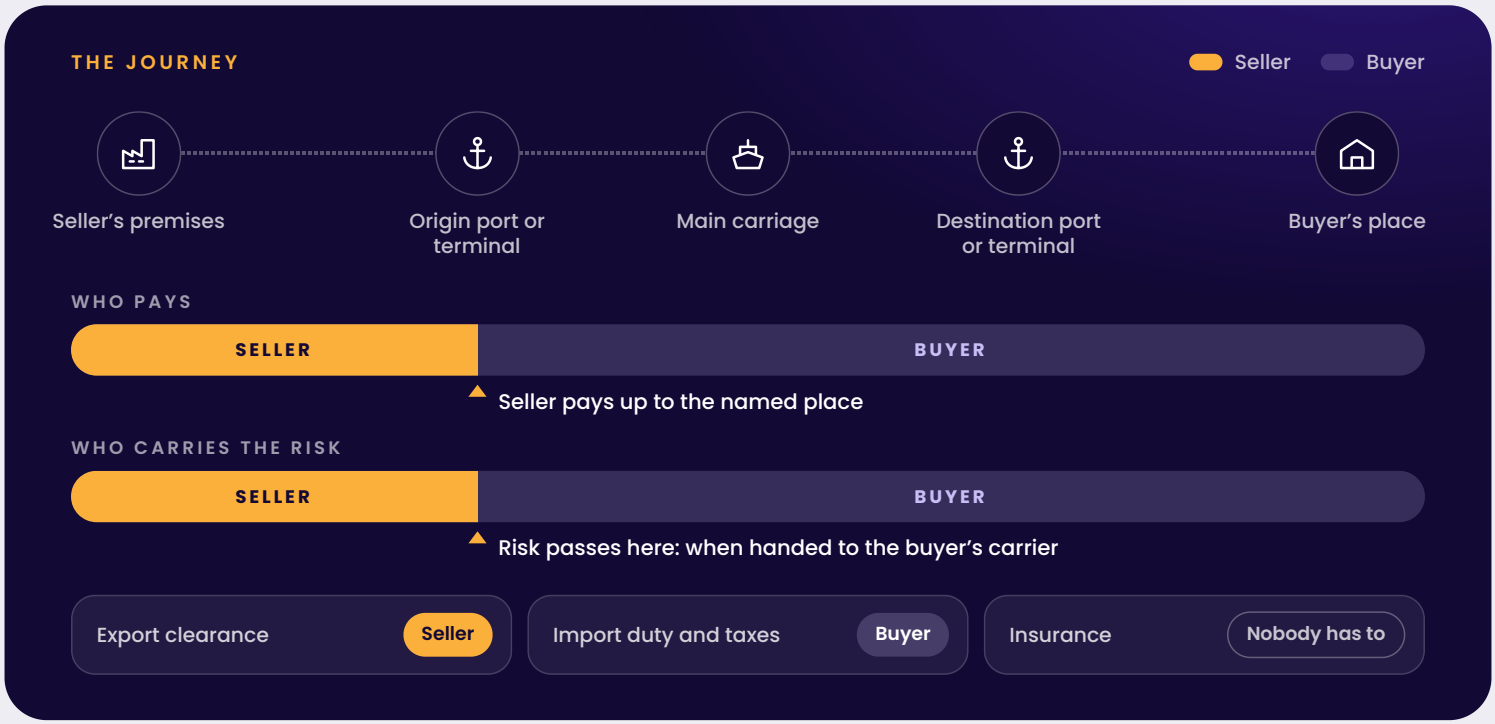
EXW Seller's warehouse, Edison, NJ Incoterms® 2020

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FCA FREE CARRIER

+ NAMED PLACE OF DELIVERY

The seller hands the goods, cleared for export, to the carrier the buyer has chosen, at the named place.



S THE SELLER

- Packs the goods and clears them for export
- Loads the buyer's truck, if the named place is the seller's premises
- Or delivers to the named terminal, ready for unloading

B THE BUYER

- Chooses the carrier and pays the main freight
- Insures the goods if it wants cover
- Clears the goods for import and pays duty and taxes
- Arranges delivery at destination

BEST FOR

Containers and air freight when the buyer controls the freight.

WATCH OUT

The named place decides who loads and where the risk passes, so name it exactly. If a bank needs an on-board bill of lading, agree that in the contract.

WRITE IT LIKE THIS

FCA Port Newark Container Terminal, NJ Incoterms® 2020

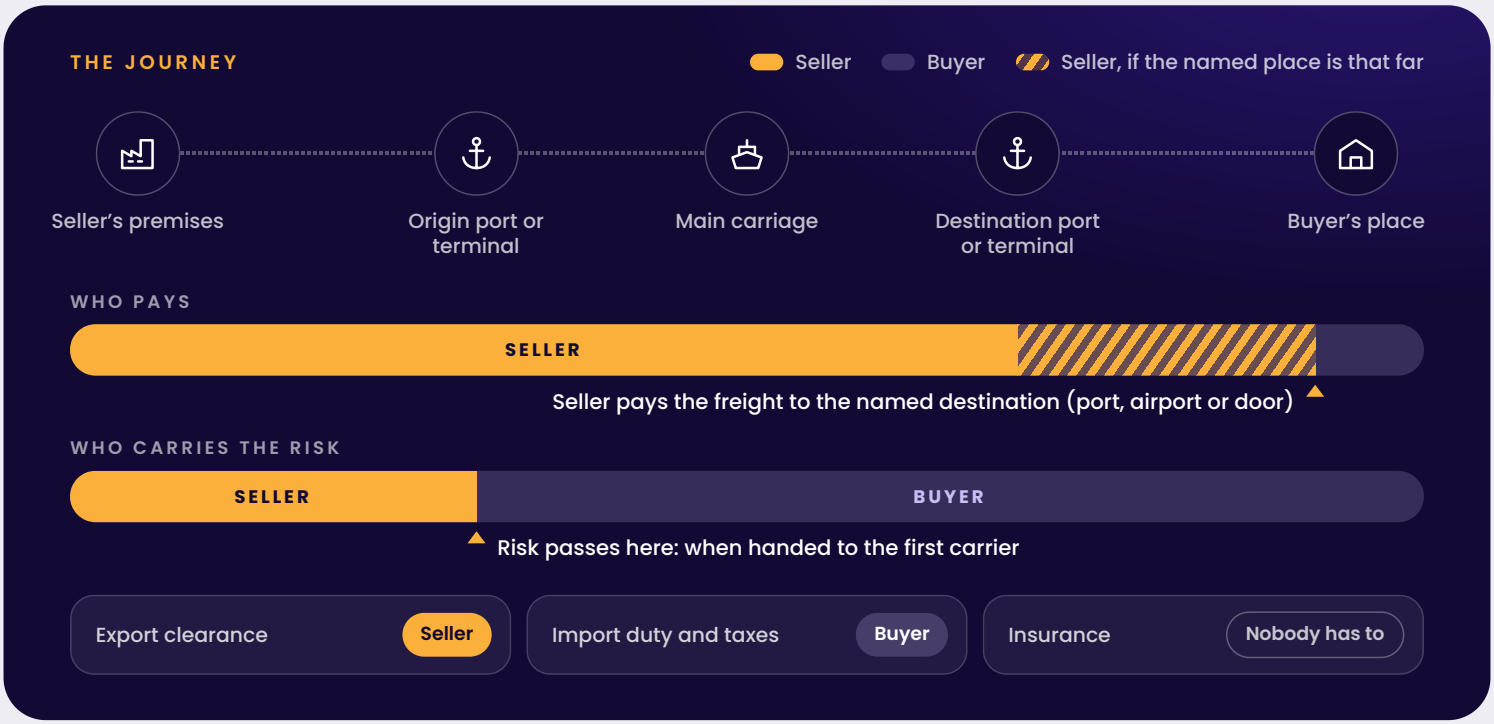
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CPT

CARRIAGE PAID TO

+ NAMED PLACE OF DESTINATION

The seller pays the freight to the named destination, but the risk passes to the buyer early: when the goods are handed to the first carrier.



S THE SELLER

- Clears the goods for export
- Books and pays the carriage to the named destination
- Hands the goods to the first carrier

B THE BUYER

- Carries the risk during the main transport
- Insures the goods if it wants cover
- Clears the goods for import and pays duty and taxes
- Pays for unloading, unless the freight already includes it

BEST FOR

Containers and air freight when the seller arranges the freight.

WATCH OUT

Two places matter: where the goods are handed over (risk) and the destination (freight). Name both. The seller does not have to insure.

WRITE IT LIKE THIS

CPT Jeddah Islamic Port, Saudi Arabia Incoterms® 2020

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CIP CARRIAGE AND INSURANCE PAID TO

+ NAMED PLACE OF DESTINATION

The same as CPT, plus one thing: the seller must insure the goods for the buyer, with all-risks cover.

THE JOURNEY

Seller · Buyer · Seller, if the named place is that far

Seller's premises → Origin port or terminal → Main carriage → Destination port or terminal → Buyer's place

WHO PAYS

SELLER

Seller pays the freight to the named destination (port, airport or door)

WHO CARRIES THE RISK

SELLER | BUYER

Risk passes here: when handed to the first carrier

Export clearance	Seller	Import duty and taxes	Buyer	Insurance	Seller, all risks

S THE SELLER

- Clears the goods for export
- Books and pays the carriage to the named destination
- Buys all-risks cargo insurance for at least 110% of the contract value

B THE BUYER

- Carries the risk during the main transport
- Claims on the seller's insurance if something goes wrong
- Clears the goods for import and pays duty and taxes
- Pays for unloading, unless the freight already includes it

BEST FOR

Containers and air freight when the seller also arranges the insurance.

WATCH OUT

The seller pays for the insurance, but the risk in transit is still the buyer's. The two sides can agree a lower level of cover in writing.

WRITE IT LIKE THIS

CIP King Khalid International Airport, Riyadh Incoterms® 2020

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DAP

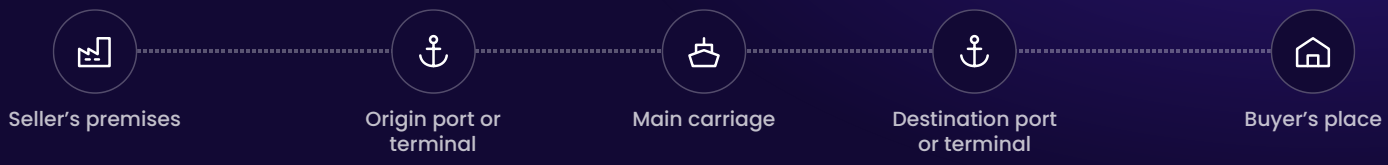
DELIVERED AT PLACE

+ NAMED PLACE OF DESTINATION

The seller delivers the goods to the named place at destination, on the arriving vehicle, ready for unloading.

THE JOURNEY

Seller Buyer



WHO PAYS

SELLER

Seller pays up to here: arrived, not unloaded

WHO CARRIES THE RISK

SELLER

Risk passes here: at destination, ready for unloading

Export clearance	Seller	Import duty and taxes	Buyer	Insurance	Nobody has to

S THE SELLER

- Clears the goods for export
- Arranges and pays for all transport to the named place
- Carries the risk until the goods arrive there

B THE BUYER

- Unloads the goods
- Clears the goods for import and pays duty and taxes

BEST FOR

Door deliveries where the buyer handles its own import clearance.

WATCH OUT

If import clearance is delayed, the storage and other costs that follow fall on the buyer. The seller carries the risk in transit but is not obliged to insure.

WRITE IT LIKE THIS

DAP Buyer's warehouse, Dammam, Saudi Arabia Incoterms® 2020

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DPU

DELIVERED AT PLACE UNLOADED

+ NAMED PLACE OF DESTINATION

The seller delivers the goods to the named place at destination and unloads them. It is the only rule where the seller unloads.

THE JOURNEY

Seller Buyer

Seller's premises — Origin port or terminal — Main carriage — Destination port or terminal — Buyer's place

WHO PAYS

SELLER

Seller pays up to here: unloaded

WHO CARRIES THE RISK

SELLER

Risk passes here: at destination, once unloaded

Export clearance	Seller
Import duty and taxes	Buyer
Insurance	Nobody has to

S THE SELLER

- Clears the goods for export
- Arranges and pays for all transport to the named place
- Unloads the goods there
- Carries the risk until they are unloaded

B THE BUYER

- Clears the goods for import and pays duty and taxes
- Takes the goods on from the named place

BEST FOR

Deliveries to a terminal, warehouse or site where the seller can arrange the unloading.

WATCH OUT

Be sure the seller can actually unload at the named place. If not, DAP is the better choice. DPU replaced DAT in the 2020 rules.

WRITE IT LIKE THIS

DPU Sohar Port and Freezone, Oman Incoterms® 2020

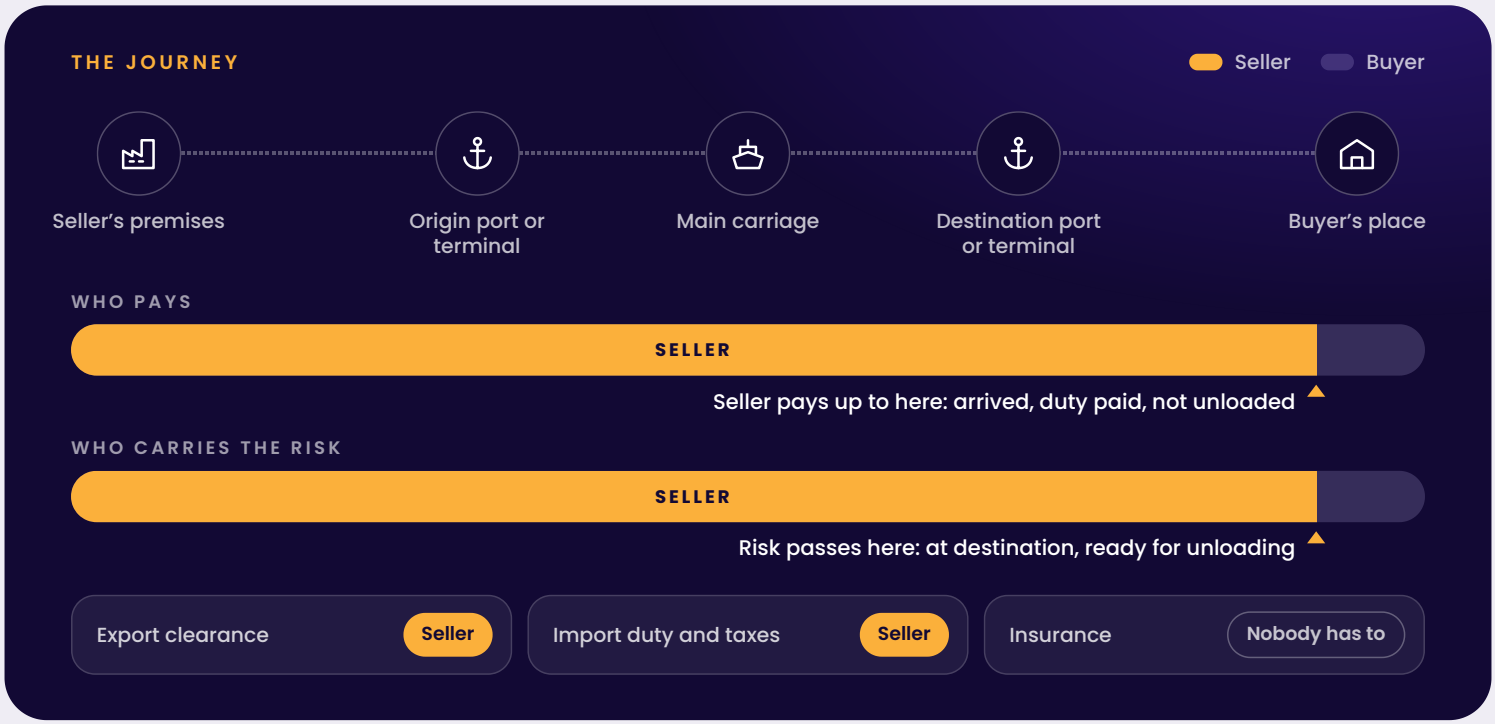
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DDP

DELIVERED DUTY PAID

+ NAMED PLACE OF DESTINATION

The seller does almost everything: transport to the named place, import clearance, duty and taxes. The buyer only unloads.



S THE SELLER

- Clears the goods for export and for import
- Pays duty and taxes at destination
- Arranges and pays for all transport to the named place
- Carries the risk until the goods arrive there

B THE BUYER

- Unloads the goods
- Helps with import documents if asked

BEST FOR

Buyers who want one landed price to the door, with nothing left to arrange.

WATCH OUT

The seller pays duty and import taxes and may not be able to recover the tax. If the seller cannot clear goods for import in the buyer's country, use DAP or DPU.

WRITE IT LIKE THIS

DDP Buyer's warehouse, Houston, TX Incoterms® 2020

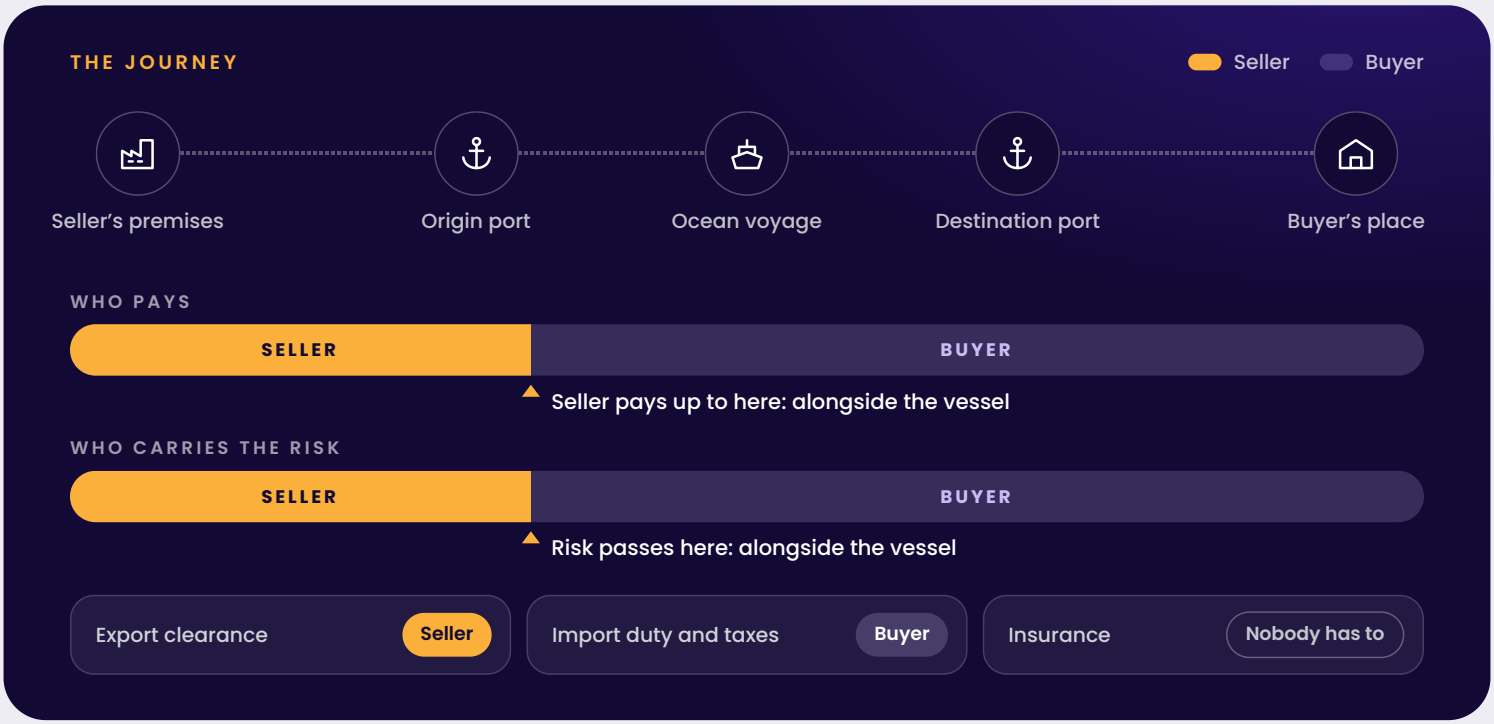
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FAS

FREE ALONGSIDE SHIP

+ NAMED PORT OF SHIPMENT

The seller places the goods alongside the vessel, on the quay or a barge, at the named port. From there they are the buyer's.



S THE SELLER

- Clears the goods for export
- Delivers the goods alongside the vessel the buyer has named

B THE BUYER

- Books the vessel and pays for loading and ocean freight
- Insures the goods if it wants cover
- Clears the goods for import and pays duty and taxes

BEST FOR

Bulk, break bulk and heavy cargo delivered to the quay.

WATCH OUT

Not for containers: they are handed over at a terminal, not alongside the ship. Use FCA instead.

WRITE IT LIKE THIS

FAS Port of Houston, TX Incoterms® 2020

A quick guide to the Incoterms® 2020 rules, not the official ICC text.

FOB

FREE ON BOARD

+ NAMED PORT OF SHIPMENT

The seller loads the goods on board the vessel the buyer has chosen, at the named port. The risk passes once they are on board.

THE JOURNEY

Seller Buyer

Seller's premises — Origin port — Ocean voyage — Destination port — Buyer's place

WHO PAYS



Seller pays up to here: loaded on board

WHO CARRIES THE RISK



Risk passes here: on board the vessel

Export clearance	Seller	Import duty and taxes	Buyer	Insurance	Nobody has to

S THE SELLER

- Clears the goods for export
- Delivers the goods to the port and loads them on board

B THE BUYER

- Books the vessel and pays the ocean freight
- Insures the goods if it wants cover
- Clears the goods for import and pays duty and taxes

BEST FOR

Bulk, break bulk and other cargo loaded directly onto the vessel.

WATCH OUT

With containers the seller gives up the box at the terminal but keeps the risk until it is on board. FCA fits containers better.

WRITE IT LIKE THIS

FOB Port of Savannah, GA Incoterms® 2020

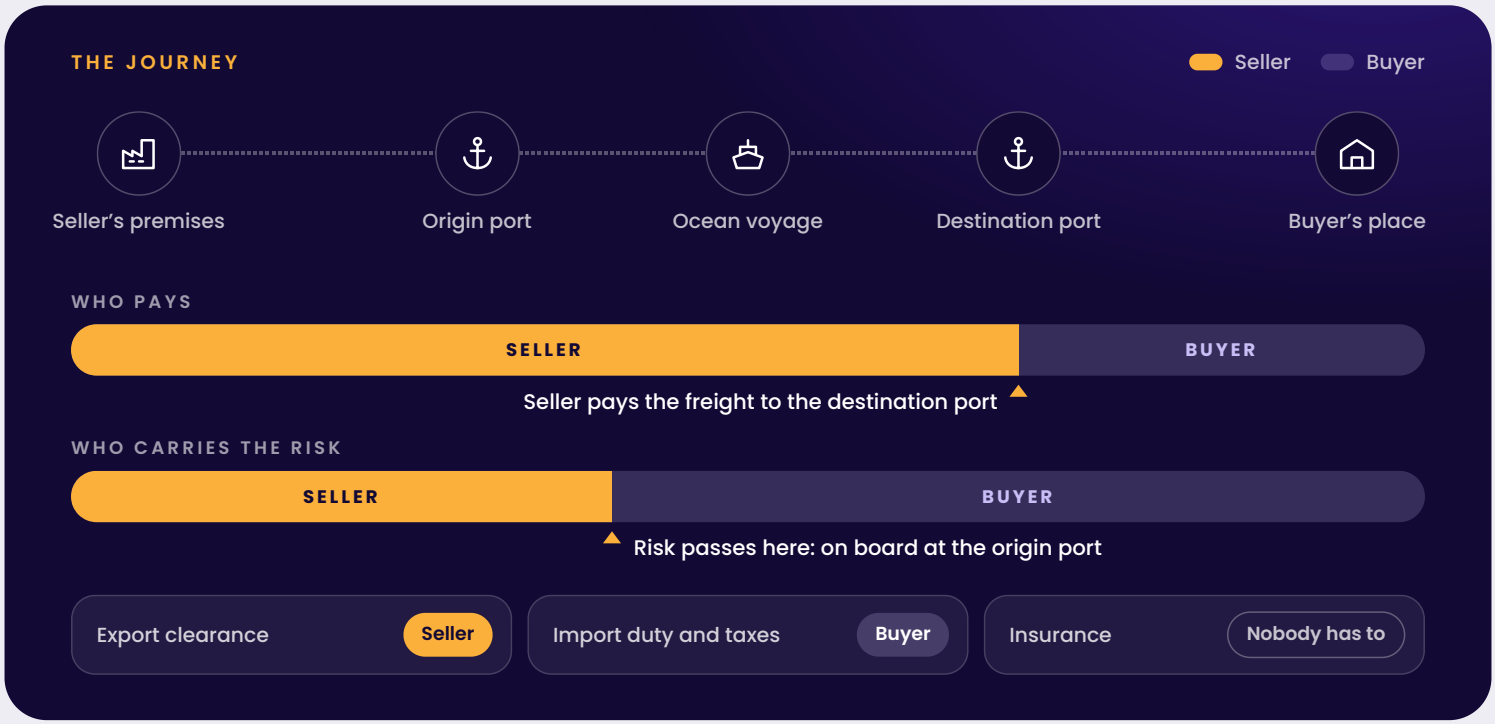
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CFR

COST AND FREIGHT

+ NAMED PORT OF DESTINATION

The seller pays the ocean freight to the named port of destination, but the risk passes to the buyer once the goods are on board at the origin port.



S THE SELLER

- Clears the goods for export
- Loads the goods on board
- Books and pays the ocean freight to the named port

B THE BUYER

- Carries the risk during the voyage
- Insures the goods if it wants cover
- Clears the goods for import and pays duty and taxes
- Pays for unloading, unless the freight already includes it

BEST FOR

Bulk and break bulk when the seller arranges the vessel.

WATCH OUT

Two ports matter: the origin port (risk) and the destination port (freight). The seller does not have to insure. For containers, use CPT.

WRITE IT LIKE THIS

CFR Port of Karachi, Pakistan Incoterms® 2020

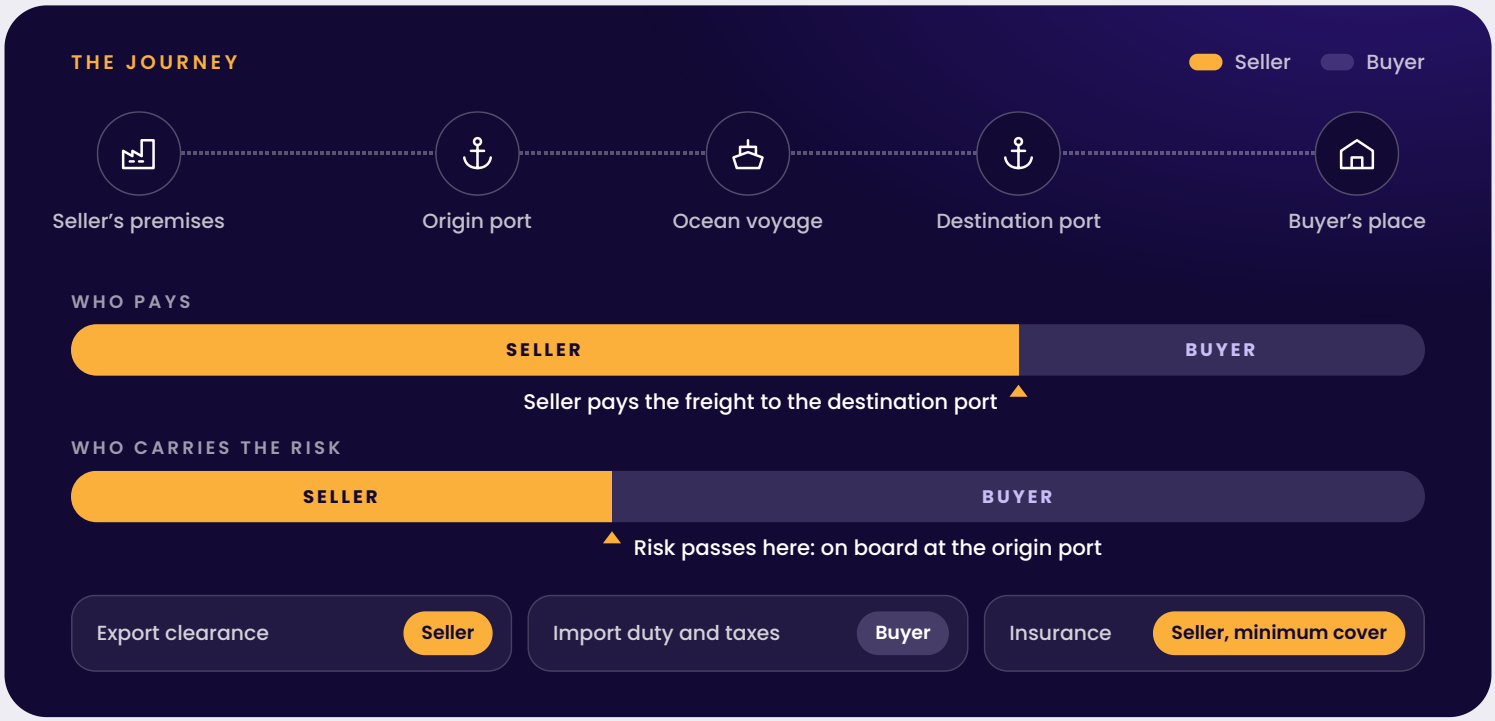
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CIF

COST, INSURANCE AND FREIGHT

+ NAMED PORT OF DESTINATION

The same as CFR, plus one thing: the seller must insure the goods for the buyer, with minimum cover.



S THE SELLER

- Clears the goods for export
- Loads the goods on board
- Books and pays the ocean freight to the named port
- Buys minimum-cover cargo insurance for at least 110% of the contract value

B THE BUYER

- Carries the risk during the voyage
- Claims on the seller's insurance if something goes wrong
- Clears the goods for import and pays duty and taxes
- Pays for unloading, unless the freight already includes it

BEST FOR

Bulk and break bulk when the seller arranges the vessel and the insurance.

WATCH OUT

Minimum cover is narrow: major casualties such as fire, sinking or collision. Agree wider cover in the contract if you need it. For containers, use CIP.

WRITE IT LIKE THIS

CIF Jeddah Islamic Port, Saudi Arabia Incoterms® 2020

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WHICH TERM FITS?

Start from what you want, then check the page for that term.

The buyer collects and handles everything, in the same country	**EXW**
The buyer has its own forwarder and pays the freight	**FCA** containers, air · **FOB** bulk, break bulk · **FAS** delivered to the quay
The seller books the freight, the buyer takes over on arrival	**CPT** containers, air · **CFR** bulk, break bulk
The same, and the contract or the bank asks for insurance	**CIP** containers, air · **CIF** bulk, break bulk
The seller delivers to the buyer's door, the buyer clears customs	**DAP** · **DPU** if the seller unloads
The buyer wants one price to the door, duty included	**DDP**

CONTAINER OR AIR FREIGHT

EXW · FCA · CPT · CIP · DAP · DPU · DDP

BULK OR BREAK BULK BY SEA

All of those, plus FAS · FOB · CFR · CIF

A quick guide to the Incoterms® 2020 rules, not the official ICC text.

SIX MISTAKES THAT COST MONEY.

Each of these is easy to avoid once you know it is there.

1

FOB or CIF on a container

The box is handed over at the terminal, but the seller keeps the risk until it is on board. Use FCA, CPT or CIP.

2

No exact place

“FOB USA” says nothing. Name the port, the terminal or the street address.

3

No version

Write “Incoterms® 2020” after the place. Earlier versions are not the same.

4

Reading C terms as “seller’s risk”

On CPT, CIP, CFR and CIF the seller pays the freight, but the buyer carries the risk in transit.

5

Assuming the goods are insured

Only CIP and CIF oblige the seller to insure, and CIF only at minimum cover.

6

Forgetting destination charges

On C terms, unloading charges at destination are the seller’s only if the carriage contract says so. Agree in writing who pays them.

ONE HABIT FIXES MOST OF THEM

Write the rule, the exact place and the version in the contract. Then ask your forwarder what it means for your cost and your risk, before you sign.

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VIP CARGO SERVICES
Your Promise, Delivered.



YOUR PROMISE, DELIVERED.

NOT SURE WHICH TERM FITS?

Tell us the cargo, the origin and the destination. We will show you what each term means for your cost and your risk, before you quote or sign.

WEB
vipcargoservices.com

EMAIL
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FMC-licensed NVOCC · IATA accredited · TSA-approved indirect air carrier

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